

HOUSING AND LAND USE COMMITTEE
Council of the County of Maui

MINUTES

November 1, 2023

Online via BlueJeans Link

CONVENE: 9:02 a.m.

PRESENT: Councilmember Tasha Kama, Chair
Councilmember Tom Cook, Vice-Chair
Councilmember Gabe Johnson, Member
Councilmember Alice L. Lee, Member (Out 11:32; Out 11:40)
Councilmember Tamara Paltin, Member (Out 10:32)
Councilmember Keani N.W. Rawlins-Fernandez, Member (In 10:01; Out 10:32;
In 10:51)
Councilmember Shane M. Sinenci, Member (Out 10:32; In 10:49)
Councilmember Yuki Lei K. Sugimura, Member (In 9:08; Out 10:59)
Councilmember Nohelani U'u-Hodgins, Member

STAFF: Ana Lillis, Legislative Analyst
Jarrett Pascual, Legislative Analyst
Carla Nakata, Legislative Attorney
Stacey Vinoray, Committee Secretary
Lenora "Lei" Dinneen, Council Services Assistant Clerk
Nālani Fujihara, Communications Specialist

Executive Assistants to Councilmember Kama

Evan Dust
Lei Kama-Sickels
Lois Whitney

Executive Assistants to Councilmember Cook

Jared Agtunong
Stacy Takahashi

Executive Assistants to Councilmember Johnson

Axel Beers
Kate Griffiths
Autumn Ness

Executive Assistant to Councilmember Lee

Curt Takamiya

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Executive Assistant to Councilmember Paltin
Angela Lucero

Executive Assistants to Councilmember Rawlins-Fernandez
Haunani Madela
Sarah Sexton

Executive Assistant to Councilmember Sinenci
Gina Young

Executive Assistant to Councilmember Sugimura
Jocelyn Moniz

Executive Assistants to Councilmember U‘u-Hodgins
Laura McDowell
Susan Clements

Zhantell Lindo, Council Aide, Moloka‘i Residency Area Office
Roxanne Morita, Council Aide, Lāna‘i Residency Area Office
Mavis Oliveira-Medeiros, Council Aide, East Maui Residency Area Office
Jade Rojas-Letisi, Council Aide, Makawao-Ha‘ikū-Pā‘ia Residency Area Office

ADMIN.: Kristina Toshikiyo, Deputy Corporation Counsel, Department of Corporation Counsel
Lori Tshuhako, Director, Department of Housing and Human Concerns
Clyde “Buddy” Almeida, Housing Administrator, Department of Housing and Human Concerns
Garrett Smith, Deputy Director, Department of Planning
Gregory Pfof, Administrative Planning Office, Department of Planning
Rogerene “Kali” Arce, Director, Department of Agriculture
Shayne Agawa, Director, Department of Environmental Management
Cecile Powell, Recycling Specialist IV, Department of Environmental Management

OTHERS: John Varel, Owner/Trustee, Kuikahi Properties LLC (HLU-3(8))
Everett Dowling, President, Dowling Company, Inc. (HLU-3(8))
Jack Dowling, Acquisitions Director, Dowling Company, Inc. (HLU-3(8))
Darren Okimoto, Senior Project Manager, Dowling Company, Inc. (HLU-3(8))
Jeff Ueoka, Attorney, Mancini Welch and Geiger, LLLP (HLU-3(8))
Lawrence Carnicelli, Vice-President of Development, Alaula Builders LLC (HLU-3(8))
Joshua Ramu Tremblay, Landowner, The Old Wailuku Inn at Ulupono (HLU-15)
Janice and Thomas Fairbanks
Tessa Munekiyo Ng, Vice President, Munekiyo & Hiraga
Kai Nishiki
Zandra Amaral Crouse
Tom Croly

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Manuel Kuloloio
Jaycee Law
Gina Duncan
Gerry Ross
Gretchen Losano

Additional attendees: (31)

PRESS: *Akakū: Maui Community Television, Inc.*

CHAIR KAMA: . . .*(gavel)*. . . Will the Housing and Land Use Committee meeting of November 1st, 2023, come to order? It is now 9:02 a.m. I am Tasha Kama, Chair of the Housing and Land Use Committee. This online meeting is being conducted in accordance with the Sunshine Law. As a reminder, Members, when your name is called, if you're not with me in the Council Chamber, please identify by name who, if anyone, is in the room, vehicle, or workspace with you today. Minors do not need to be identified. Do we have any questions from the Members? Seeing none. I'd like to say aloha kakahiaka and talofa to our Committee Vice-Chair Tom Cook.

VICE-CHAIR COOK: Aloha, and good morning, Chair.

CHAIR KAMA: Also, aloha kakahiaka and talofa to our Council Chair Alice Lee.

COUNCILMEMBER LEE: Talofa lava from Samoa. And good morning, Chair, and everyone else. Looking forward to your meeting. Thank you.

CHAIR KAMA: Council Vice-Chair Yuki Lei Sugimura will be along with us in a little while, so we're going to excuse her for now. Councilmember Gabe Johnson, aloha kakahiaka and talofa.

COUNCILMEMBER JOHNSON: Talofa, Chair, Councilmembers, Committee Members. I'm alone in my side of the office in...on Lānaʻi, and there's no testifiers at the Lānaʻi District Office. Mahalo.

CHAIR KAMA: And we have with us Councilmember Tamara Paltin. Aloha kakahiaka and talofa.

COUNCILMEMBER PALTIN: Aloha kakahiaka kākou, and talofa lava. Chair, I got to leave a little bit early today, and so I just wanted to voice my support for composting on ag lands. Thank you.

CHAIR KAMA: Okay, thank you. And we also have...I don't see Member Keani Rawlins-Fernandez, I don't see her, but I'm sure she'll be along with us in a little bit. And good morning to Councilmember Shane Sinenci, and talofa.

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COUNCILMEMBER SINENCI: Aloha, and talofa lava, Chair. Here at the Hāna District Office with District Staff Mavis Medeiros. No testifiers this morning, Chair.

CHAIR KAMA: *(Audio interference)* and we have with us Councilmember Nohe U‘u-Hodgins. Good morning. Aloha kakahiaka, and talofa.

COUNCILMEMBER U‘U-HODGINS: Good morning. Talofa.

CHAIR KAMA: We also have with us, from the Department of the Corporation Counsel, Kristina Toshikiyo and Michael Hopper. Good morning to you two.

MS. TOSHIKIYO: Good morning, Chair. Good morning, Members.

CHAIR KAMA: And we also have, from the Department of Planning, Garrett Smith, the Deputy Director. Hopefully, Garrett, you’ll be on at your appointed time. Oh, there you are. Oh, sorry, I was looking online. I’m...I’m pleased that you’re here in my presence. I’m honored. Thank you. We also have, from the Department of Housing and Human Concerns, Laurie Tsuhako, who I don’t see in the Chamber, so I’m going to look online. There you are. Good morning, and talofa.

MS. TSUHAKO: Good morning, and talofa to you and the other Members. Thank you, Madam Chair.

CHAIR KAMA: Thank you. So *(audio interference)* item on the agenda regarding referring to the planning commissions a Title 19 amendment dealing with composting in the Ag District. I have also invited representatives of the Department of Environmental Management and the Department of Agriculture to join us. So, I will recognize those members of the Administration when they are able to join us later on this morning. We also have with us, from Kuikahi Village Project team, John Varel, from Kuikahi Properties, LLC, owner and trustee; Everett Dowling from Dowling Company, Inc., President; Jack Dowling, Dowling Company Inc., Acquisitions Director; Darren Okimoto, Dowling Company, Inc., Senior Project Manager; Jeff Ueoka, Mancini, Welch and Geiger, LLP, Attorney; Lawrence Carnicelli, Alaula Builders, LLC, VP Development; and online, we’ll have Doyle Betts, who is Alaula Builders, LLC, President. We have also with us, from the Old Wailuku Inn, Joshua Tremblay, applicant. Sorry, folks. So let me see...sorry guys, I got my things all messed...confused. Okay, so here we are. So, Mr. Tremblay, could you please introduce the other members of your team that you’d like the Committee to designate as resources for your application? Mr. Tremblay, you want to come over here, please? Just introduce your team, because I need to make sure that all of you are resources for this morning.

MR. TREMBLAY: Good morning, Chair Kama. Good morning, Councilmembers. The other members of my team are Tessa from Munekiyo Hiraga, and Tom and Janice Fairbanks, the former owners, the Old Wailuku Inn, both of which--(clears throat) excuse me--should be attending through BlueJeans. Thank you.

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CHAIR KAMA: Okay. Thank you very much. So, Members, on your --

MS. NG: Good morning.

MR. SMITH: I'm here. *(In the Chamber, raises his hand).*

CHAIR KAMA: Oh, good morning. Thank you for being here. So, Members, under Rule 18 of the Rules of the Council, without objections, I would like to designate the individuals introduced as resources, based on their knowledge and expertise regarding the topics being considered on today's agenda. Thank you. So, I also want to introduce our Committee Staff. We have Ana Lillis, our Legislative Analyst. Good morning, and talofa.

MS. LILLIS: Good morning, Chair. Good morning, Members.

CHAIR KAMA: And we have Jarett Pasqual, our Legislative Analyst.

MR. PASCUAL: Good morning, Chair, and talofa.

CHAIR KAMA: And we have Stacey Vinoray, our Committee Secretary.

MS. VINORAY: Aloha kakahiaka, and talofa, Chair and Members.

CHAIR KAMA: And we have our Legislative Attorney, Carla Nakata. I think she's coming pretty soon. But I do see our Council Vice-Chair Yuki Lei Sugimura. Good morning. Aloha kakahiaka, and talofa.

COUNCILMEMBER SUGIMURA: Good morning, talofa.

CHAIR KAMA: . . .*(laughing)*. . . Just in time.

COUNCILMEMBER SUGIMURA: Yep, thanks.

CHAIR KAMA: So, on our agenda today, we have three items. We have HLU-3(8), Updates on the Kuikahi Village Workforce Housing Project. We have HLU-15, Bill 70 (2023), Transfer of a Conditional Permit for the Old Wailuku Inn at Ulupono at 2199 Kaho'okele Street, Wailuku. And HLU-17, Resolution 23-195, Relating to Composting in the Agricultural District. So, in accordance with the Sunshine Law, as Chair, I will limit testimony for agenda items as each item is called up on the agenda. When an item is particularly complex, we will receive a presentation from the Administration or from resources prior to receiving testimony. Members, when we receive a presentation prior to testimony, I must ask that you hold all of your questions for the presenters until after testimony has been closed. And so, Members, without objection, I would like to reorder today's agenda and take item HLU-15 up first, and then our 7(B) item regarding Kuikahi Village. Members, any objections to that?

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COUNCILMEMBERS: No objections. (Excused: KRF)

**HLU-15: BILL 70 (2023), TRANSFER OF A CONDITIONAL PERMIT FOR
THE OLD WAILUKU INN AT 2199 KAHO'OKELE STREET,
WAILUKU, BY AMENDING ORDINANCE 3545**

CHAIR KAMA: Thank you very much. HLU-15, Bill 70 (2023) is a transfer of a conditional permit for the Old Wailuku Inn at Ulupono at 2199 Kaho'okele Street in Wailuku. Members, we have before us an application to transfer of a conditional permit for the Old Wailuku Inn. This matter is coming to us from the Maui Planning Commission with a recommendation for approval. You'll find a proposed CD-1 version of Bill 70, signed as to form and legality, posted on the Committee agenda. It is my recommendation that we pass the CD-1 version, as it fully incorporates the Planning Commission's recommendations, conditions for the conditional permit transfer. The individual to whom this conditional permit will be transferred to is here with us, Joshua Tremblay, with his consultants from Munekiyo Hiraga, which we just identified as resources. I'd like to have the applicant team give their presentation, and then we'll take any public testimony. And Members, again, I ask you, please hold your questions until after we...we complete our public testimony. Mr. Tremblay, would you please come and proceed with your presentation?

MS. NG: Mahalo, Chair Kama. My name is Tessa Munekiyo Ng from Munekiyo Hiraga, and we're working with Mr. Tremblay on the conditional permit transfer request.

CHAIR KAMA: Yes.

MS. NG: And I have a presentation on behalf of the applicant. So, is it okay if I share my screen?

CHAIR KAMA: Absolutely.

MS. NG: Okay. Thank you very much. Okay. *(Sharing screen)* So, I believe you are able to see my screen now?

CHAIR KAMA: Yes. Thank you.

MS. NG: Okay. Thank you very much, and good morning, everyone. Thank you for your time this morning. We're here today on behalf of the prior owners and current owner of the Old Wailuku Inn to request a conditional permit transfer for the bed and breakfast. I'll introduce both the former owners and current owner to you shortly. So, here we have today, via BlueJeans, Thomas and Janice Fairbanks. They're the long-time former owner of the Wailuku...Old Wailuku Inn. And you've all met Mr. Tremblay, who's the proposed conditional permit holder, and the current owner of the property. And again, my name is Tessa Munekiyo Ng from Munekiyo Hiraga, we're the planning consultant assisting today. And today, we'd just like to provide you some background information on the property

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and the conditional permit, and respectfully request the Committee's recommendation to approve the proposed conditional permit transfer to...from Thomas and Janice Fairbanks to Joshua Tremblay. Before I introduce the Fairbanks to tell you a little bit about the history of the property and their prior ownership of the Old Wailuku Inn, I just wanted to share a location map to orient everyone. I think many of you may be familiar with this property. It's a long-time establishment in Wailuku. It's located on Kaho'okele Street, which is the side street off of High Street here at the corner in the vicinity of Wailuku Elementary. So, I'm sure many of you have driven by, many times, this property. And so, this is a photo of the Old Wailuku Inn, the main house there. And at this time, I'd like to introduce Tom and Janice Fairbanks, who are joining us by BlueJeans. So, Tom and Janice, if you're able to turn on your camera and unmute, and introduce yourselves?

MR. FAIRBANKS: Okay.

MS. FAIRBANKS: Aloha, everyone.

MR. FAIRBANKS: Aloha, and talofa, from Janice and...we're in...we're in Portland, Oregon --

MS. FAIRBANKS: Portland.

MR. FAIRBANKS: -- so...

MS. FAIRBANKS: Freezing. . . *(laughing)* . . .

CHAIR KAMA: Aloha. Good morning.

MR. FAIRBANKS: So, we wanted to tell you a little bit about the history of our part--what we had to do with the Inn. And actually, it's a...it's a... it's the home, it's what it's all about. And in 1996, we were becoming empty nesters, and we wanted to go into business. So, we decided that we thought we might like to do a small inn. And so, we pursued it with the County Planning Department. And at the same time, they were also looking at ways to preserve the historic buildings and homes in Wailuku before they're being demolished to build new. And so, they...they were actually working on a bed and breakfast permit for that purpose, really, was the actual purpose of them presenting that type of regulation. And so, that was perfect for us because we were...thought we were going to do a bed and breakfast inn, and they are always usually very successfully in historic buildings. So, the...our planner even actually recommended that we look at this house on 408 High Street, which happens to be the Old Wailuku Inn. It used to have a High Street address, but it was...it was like take your life into your hands when you went to get your mail, so we changed the address to Kaho'okele Street. The historic address is 408 High Street. And we...we signed...we actually closed on that property in August of 1996, and then we began diligently trying to put it on the State Historic Register, which we were successful in that in October. In the meantime, we were also working with the County and the State Historic Preservation Division on a rehabilitative adaptive use...adaptive rehabilitative use of the property, from a kind of an obsolete, old, extra-large home that nobody wanted. It

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was on the market for 15 years before we bought it, and it worked perfectly for our needs. And so, we purchased it, we did all the process, and were working alongside the County. They were...at that time, the Council had started taking up the...figuring out how to...to do the regulations, and so, we worked right alongside that. So, we were always pretty much in compliance...actually, they were...we were used as a benchmark quite often by other property...for other properties, and also for the Council when they developed the...the regulations. And so...just let me look at my notes here. And then, the...the reason why they wanted to preserve the historic homes in Wailuku was to kind of maintain the sense of place, and what a more perfect place than our location right there at the beginning of your beautiful Historic District, with the...the elementary building, the County courthouse, and all the other historic buildings right in the area. So, it...it justified to us that this was really the perfect place, and we should really be doing it here in that location, and it's proven that that was the right decision to make. And the use...the use of the property now is one of the best ways to maintain and preserve it, and continue the...the preservation of, you know, the sense of place in Wailuku as being such a prominent location. So, that's kind of our...kind of our story, how we got into this, and how we...well, it became our life, and our goal. But then --

MS. FAIRBANKS: It also became our home.

MR. FAIRBANKS: It also became our home. Yes, it was definitely our home. It was definitely a home for us to --

MS. FAIRBANKS: Our grandkids grew up in it. And I actually love Wailuku. I'm...I'm a Lāhainā girl. I should not say that. But I love Wailuku, and I am glad we were...we were a part of bringing Wailuku back, and I...I hope it continues on. It's...I miss Maui. I miss my home. But we have a new place. We're with our grandchildren now, and I look forward to transferring this all over to Ramu. We've known him for a very long time, and he is truly a good person to take over the...the torch, as they say.

MR. FAIRBANKS: So, after 27 years, we're--we're in our 70s, so . . . *(inaudible)*. . . --

MS. FAIRBANKS: After 27 years and 50 years of marriage.

MR. FAIRBANKS: Yeah.

MS. FAIRBANKS: We're still here.

MR. FAIRBANKS: We're still...the home kept us together. But yeah, this is about...you know, I think I was 44 or 45 when we took over...took this project on, and I think Ramu's like 46 or something, so it's the perfect time for him to continue on the preservation. I mean, that's kind of his intent, I believe, so I'll turn it over to Ramu now. That's all we have to say.

CHAIR KAMA: Thank you.

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MR. TREMBLAY: I'm getting emotional. Aloha, Madam Chair. Aloha, Councilmembers. You heard Tom and Janice refer to me as Ramu.

UNIDENTIFIED SPEAKER: Yeah.

MR. TREMBLAY: My name is Josh Tremblay, but most people in the community know me by my middle name, Ramu. I grew up in Upcountry Maui, in Makawao, and I got to know the Fairbanks in '92, when I was a freshman in high school. I quickly became good friends with their son, Thomas, and so, I kind of look at them as like hānai parents, so that's the emotion. In '95, I graduated high school and went off to college, and then in '96, I came back for my first summer. And at the time, Tom and Janice had acquired the property at 2199 Kaho'okele. And to see them put their heart and soul, and bring, I guess, just this kind of what I would call an oasis in a historic town come to life, it just had a huge impression on me when I was a young...when I was a young man. And so...and then, in...in the ensuing summers, when I'd come back from college, there wasn't a lot of room in my mom's house in Makawao, and so, they would put me up in the Inn whenever they had...like, I think at one point, I stayed for about two or three weeks that they put me up in one of the guest suites. And so, it had a...it had a large impression on a young, impressionable man, and I think at the time, I said I'd love to do one day what they are doing, just because I saw...I saw the spirit of aloha that they expressed through hospitality, and welcoming people. Not just myself, but people from Hāna, people from other islands, and then kind of across the world into those doors. And so, it had a huge impression on me. And so, I've stayed in touch with them over the years, and I think a couple of years ago, their daughter, Shelly, let me know that, you know, her folks would be retiring one day. And I...I was like, wow, it would be really neat to operate this place, but I didn't have the capital, and so, I just kind of chalked it up to a dream. And then Shelly contacted me in September of 2022, and let me know her folks would like to meet with me. And I guess the property had just fell out of contract, and so I still didn't have it on my radar to purchase it. And I came and met with them, and I just...something...something jumped out at me, said, it's time to carry the torch, figure out how to do this. And so, lo and behold, here I am. And I think for me, this is...I just see the life work that they've put into this place, and my vision is to continue to carry that out. It's a lot more than just, you know, a business. So...yeah. So, the property itself, most of you guys are probably pretty familiar with it. It's about three blocks from here, consists of ten guest...ten guest rooms, a separate...a separate owner's quarters, which is where I plan to reside. We're in the...we've just been, you know, doing some renovation of the property, and then it has ample parking with 14 parking stalls. So, with that, I'm going to thank you for hearing my story, and thank you for hearing why I'm here today. I'm going to go ahead and pass it off to Tessa with Munekiyo Hiraga.

MS. NG: Thank you very much, Ramu, and Janice, and Tom. And I'm just going to conclude really quick with some procedural matters for your background. And some of this was already covered, but the conditional permit for the bed and breakfast was originally issued in 1998 to operate a seven-room B&B. In 2008, that was revised to operate ten bedrooms,

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and that is one of the reasons why this is a conditional permit, rather than just a standard B&B permit. B&Bs are...the property is zoned R-2, so it is a zoning district that does allow for B&Bs, but because it's for ten bedrooms, that is why it's a conditional permit. So, it's been in operation for 25 years, and as you all know, conditional permits are subject to time stipulations. And so, it was originally issued as a ten-year permit, renewed in 2008, and then again in 2018. And because of the...you know, the...the track record that the Fairbanks had established with the Old Wailuku Inn, in 2018, a 20-year time extension was granted, rather than a 10-year time extension. And so, the current conditional permit does extend until March of 2038, so another 15 years. And, you know, as the property was in the process of being transferred in November of last year, Tom and Janice filed the request to transfer the conditional permit. One of the conditions of the conditional permit is that the permit is nontransferable without...unless there's approval from the Council, so that is the process that we've been going through. And in April of this year, the property officially changed hands, and so, Ramu is the current property owner. And also in April, we went before the Planning Commission, who provided a unanimous recommendation for approval, and that information has been transmitted to you as well. So, the...we just wanted to conclude by noting that the conditional permit of the Old Wailuku Inn, it has been operated in compliance with the conditions of the conditional permit, and in the 25 years of operation, there's been no complaints filed against the property. And Ramu has signed a notarized affidavit confirming that he will continue to comply with the conditions of the approval as is required when you're transferring the conditional permit. So that's been completed as well. So, we just want to conclude again by thanking you for your time, and respectfully requesting the Committee's recommendation for approval of the conditional permit transfer. And that concludes our presentation. Thank you very much.

CHAIR KAMA: Thank you, Tessa, and thank you, Ramu. So, right now we're going to take public testimony, so you can take your seat.

. . . BEGIN PUBLIC TESTIMONY for HLU-15 . . .

MS. LILLIS: Thank you, Chair. The...the only person currently signed up to testify is Joshua Tremblay, but you are not required to testify, sir. But you are certainly welcome to use your three minutes if you'd like to.

CHAIR KAMA: Do you want to say anything else for three more minutes, or do you think you said everything you need to, Ramu?

MR. TREMBLAY: *(Inaudible)*.

CHAIR KAMA: Okay. Okay. Thank you.

MS. LILLIS: Thank you, Chair. It appears as...as though he has declined. We have no one currently signed up to testify on this item. If anyone would like to testify, please unmute

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yourself and let Staff know now. We will give a brief countdown...three, two, one. Chair, it appears no one wishes to testify on this item.

CHAIR KAMA: Thank you. So, can we close public testimony? Okay. So, Members, seeing as there are no more individuals wishing to testify, without objection, I will now close oral testimony for this item. Now, as a reminder, written testimony will continue to be accepted into the record.

COUNCILMEMBERS: No objections. (Excused: KRF)

. . . END PUBLIC TESTIMONY at 9:26 a.m. . . .

CHAIR KAMA: Thank you. So, we'll now proceed with discussing the first item...the second item on the agenda, which is HLU-15. So, Members, I will now call upon you for questions you have for our presenter. So, Ramu, would you want to come back up in case Members might have questions for you, or Tessa, and then they could ask it of you. And I'm going to begin, first of all, to set a three-minute timer for each Member, so that all Members can get their answers...their questions asked and answered. And if we need anything more than one round, we'll continue to do so. So, we're going to begin with Vice-Chair of the Committee, Member Tom Cook. Any questions for our presenters?

VICE-CHAIR COOK: Thank you, Chair. No questions.

CHAIR KAMA: Thank you. Council Chair Lee?

COUNCILMEMBER LEE: Thank you, Chair. Aloha to Tom and Janice.

UNIDENTIFIED SPEAKER: Yeah.

COUNCILMEMBER LEE: I voted for you back in 1996, so I think I should vote for you again. And good to see you. I have no questions.

MS. FAIRBANKS: Thank you.

MR. FAIRBANKS: Thank you, Alice.

CHAIR KAMA: Council Vice-Chair Sugimura, you have any questions?

COUNCILMEMBER SUGIMURA: Oh, that's pretty cool, you voted then, and you can vote again.

CHAIR KAMA: . . .*(laughing)*. . .

COUNCILMEMBER SUGIMURA: So, I'm...I'm very encouraged to hear the history being carried forward. And I'm going to...I definitely will support this. I am very familiar with Tom and

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Janice Fairbanks because I will tell you that when I was given the task of revitalizing Wailuku Town, they were my partners, in that they would always...and Tom is a really good cook, so he would put malasada station as a food booth, as we did Chinese New Year's, we did Hawaiian, we did all these cultural festivals in Wailuku, which then became Wailuku First Friday. So, Ramu, I'm supporting you, I'm going to bank on you, therefore, having the spirit of the place, spirit of the community, which is, I think, what Janice and Tom had shared as to why they selected you to be the buyer of their property to carry forward. And I look forward to working with you in the future. Thanks.

CHAIR KAMA: Councilmember Gabe Johnson. Do you have any questions for our presenters?

COUNCILMEMBER PALTIN: Oh, what about me?

COUNCILMEMBER JOHNSON: No, Chair. I don't have any questions at this time. Thank you.

CHAIR KAMA: Thank you.

COUNCILMEMBER PALTIN: I have a question.

CHAIR KAMA: Yes, you're next.

COUNCILMEMBER PALTIN: Aloha, Mr. Tremblay. Thank you for your opening remarks. My understanding is this is a bed and breakfast. So, you will be living on site with your family?

MR. TREMBLAY: That's correct, Councilmember Paltin.

COUNCILMEMBER PALTIN: Okay. And then your other property, 19 Pa'alae Place is still listed as owner-occupied. So, will you be renting that one out?

MR. TREMBLAY: I don't reside there anymore. My wife and I divorced a couple of years ago, and I'm still on title because I stayed on the mortgage in order for her to stay in the property.

COUNCILMEMBER PALTIN: So, she'll be living there as owner-occupied, and you'll be living at the bed and breakfast as the owner-occupier?

MR. TREMBLAY: That's correct, yes.

COUNCILMEMBER PALTIN: Okay. And then the other property, the TVR, is just your ex-wife's property?

MR. TREMBLAY: Oh, which property are you referring to?

COUNCILMEMBER PALTIN: 100 Hau'oli Street.

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MR. TREMBLAY: Unit 407? That's it?

COUNCILMEMBER PALTIN: Shoot, I think so, yeah.

MR. TREMBLAY: Yeah. She got that property in the divorce.

COUNCILMEMBER PALTIN: Okay. All right. That concludes my questions. Thank you so much.

CHAIR KAMA: Thank you, Member Paltin. I don't see Member Keani Rawlins-Fernandez. So, Councilmember Sinenci, do you have any questions for our test...presenter?

COUNCILMEMBER SINENCI: Mahalo, Chair, for my opportunity, and thank you for the...for listening to the history of the property. Just a couple of questions for maybe Munekiyo Hiraga. So, the conditional permit is for a ten-bedroom site, but it wouldn't need a permit if it was just a seven-bedroom inn?

MS. NG: There would be still a need for a B&B permit. But...and my understanding is that Tom and Janice actually did have a B&B permit. They had talked about how they worked very closely with the Planning Department as they were setting up the B&B procedures. But the B&B regulations allow for nine...or I'm sorry, for six bedrooms to be utilized for B&Bs. And so that is the reason...part of the reason why this was set up as a conditional permit many years ago, was the number of bedrooms.

COUNCILMEMBER SINENCI: Oh, okay. And then, what is the tax classification of the property?

MS. NG: That is actually a good question. I do not have that information off the top of my head, but let me --

MS. LILLIS: Chair, we have it.

CHAIR KAMA: We do?

MS. LILLIS: Yes. It is 34005015 and four zeros.

CHAIR KAMA: *(Indiscernible)*.

COUNCILMEMBER PALTIN: Oh, commercialized residential. Commercialized residential.

CHAIR KAMA: Okay. Did you get that, Member Sinenci?

COUNCILMEMBER SINENCI: I did. Thank you.

CHAIR KAMA: Okay, thank you.

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COUNCILMEMBER SINENCI: Mahalo, Chair.

CHAIR KAMA: Was that it, Member Sinenci? Are you done?

COUNCILMEMBER SINENCI: Yes.

CHAIR KAMA: Okay.

COUNCILMEMBER SINENCI: Thank you.

CHAIR KAMA: Okay. And now, Councilmember U‘u-Hodgins, do you have any questions?

COUNCILMEMBER U‘U-HODGINS: I do not, Chair. Thank you.

CHAIR KAMA: Okay. So...yes, Member Sugimura?

COUNCILMEMBER SUGIMURA: Yeah. So, are you going to make a recommend--how many years is this conditional permit?

CHAIR KAMA: To 2038, it's a 20-year conditional permit.

COUNCILMEMBER SUGIMURA: Oh, okay. Good. I was going to ask to be sure that we give maximum.

CHAIR KAMA: Yeah.

COUNCILMEMBER SUGIMURA: Yeah. Thanks.

CHAIR KAMA: Yeah. So, do we have any more discussion, Members, that you'd like to dispose? Yes, no? Okay. So, Members, I will entertain a motion to recommend passage on first reading of the proposed CD-1 version of Bill 70.

COUNCILMEMBER SUGIMURA: So moved.

COUNCILMEMBER LEE: Second.

CHAIR KAMA: It's been moved by Member Sugimura, seconded by Member Lee, to...to approve the motion. Anybody want to speak to that? Member Sugimura, do you want to speak to that?

COUNCILMEMBER SUGIMURA: I'm so thrilled. I think that the legacy of the place, and the work that the Fairbanks gave to the community will be fulfilled by this change of ownership. And I think we feel the spirit and heart of the new owner. So, thank you very much. I...I totally support this.

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CHAIR KAMA: Member Lee?

COUNCILMEMBER LEE: I agree with Member Sugimura. This is a kind of a special type of situation where the people, like the Fairbanks, put their heart and soul into that property and took very good care of it. I...I've actually visited there only once. One of my friends stayed there one...one time. Kind of reminds me of Koele, where it's so calm and peaceful, surrounded by all this greenery. It's really beautiful, and I wish you all the luck with this property, and I'm sure you'll take good care of it. Thank you.

CHAIR KAMA: Any other Members would like to comment on the motion? Okay, seeing none. Okay, can we do a hand vote? Okay, all those in favor of the motion, please raise your hand and say "aye."

MR. PASCUAL: Chair, you have eight "ayes," zero "noes," one excused, Councilmember Rawlins-Fernandez. Motion passes.

VOTE: AYES: Chair Kama, Vice-Chair Cook, and Councilmembers Johnson, Lee, Paltin, Sinenci, Sugimura, U'u-Hodgins.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Rawlins-Fernandez.

MOTION CARRIED.

ACTION: Recommending FIRST READING of Bill 70 (2023).

CHAIR KAMA: Thank you, Members. This item will now move on to Council, with our recommendation to approve it. Congratulations, Mr. Tremblay.

MR. TREMBLAY: Thank you, Chair Kama. Thank you, Councilmembers.

HLU-3(8): UPDATES ON THE KUIKAHI VILLAGE WORKFORCE HOUSING PROJECT

CHAIR KAMA: Good job. Okay, Members, we're now going to continue on with our updates on

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the Kuikahi Village Workforce Housing Project. So, should everybody come forward and sit, or what do you want them to do? Okay. So, it looks like a whole bunch of people. Okay. I guess you all are going to come up, aren't you? Okay. So, Members, while the project proponents were before us previously with an application under Maui County Code 2.97, which applies to 100-percent workforce housing projects, those having units sold or rented to households with 140 percent of the area median income or less, the project team is back before us with new information about the status of their project, given the most recent changes in the national economy. So, Members, prior to the presentation, I want to remind you again to hold your questions until we receive public testimony on this item. So, Mr. Carnicelli, where are you? Okay. Okay.

MR. VAREL: I'm not Mr. Carnicelli, I don't look as good as he does, but I'll try. I'm John Varel. How are you? How are you, Councilmember and Council Chair? Thank you. Are you ready for me to start?

CHAIR KAMA: We're ready for your presentation, Mr. --

MR. VAREL: Good. I don't have much of one. I'll be brief. Kuikahi Properties, LLC, was the entity with which I bought the 150 acres at Kuikahi Drive. Everett and I joined forces, where we're in contract on the bottom piece for Hawaiian Home Lands, and we went ahead and started on developing our 15-acre affordable parcel, 202 units. Several...many months back, we got the 9-0 vote from the Councilmembers, approving our 202 affordable units. With that came a \$6 million grant. We've been requesting 20, enough to be able to get the project finished. Well, the financial market hasn't gotten any better since then. Part of the reason we had the ask that we didn't ask for on our 40 units at Hale Kaiola was that project was started, our prices were locked in, and we could get construction done. It wasn't a profitable operation for us, me as the owner, but we got 40 new people into homes, and I think they're very happy about that. We'd like to continue to do that with this project, but anyone who has been following the marketplace realizes that interest rates have skyrocketed. Kuikahi...Hale Kaiola, was at 3-1/2 percent interest rates. Mortgages could be locked in, and held for a 30-year period of time. Today we're at 7-1/2, approaching 8, and when the next world crisis occurs, or budget at the Federal level gets torn apart, I don't know where those interest rates could go...my crystal ball is shattered. Couple that with the fact that now construction loans are even higher. I'm in a small project in Kihei, and it's 10-1/2 percent for hard money. I've got to get those projects, those houses built, built fast, and on the market fast before it gets worse. So, I couldn't continue with the Kuikahi ownership path that we had taken with the Kuikahi Village. So, I was in dialogue with Everett, and Everett said, well, I think I might have a solution for you. And I think it's a very viable one of converting from ownership to a rental model. And with that, Everett has been able to, and his illustrious team, source an individual who can help us with the construction financing, HUD financing, and there's a bit of a gap in there, that...that's what we're going to be discussing with you, so that we could get the approval to continue forward with this rental model. I went into contract two days ago with Dowling Company. They are currently moving the project forward, and I will be here to assist, and guide, and be an equity partner, if Everett will allow me, in moving the

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project forward. So, without any further ado, unless you have questions specifically for me on the past, I want to turn it over to the Dowling Company crew.

CHAIR KAMA: Everett, you ready?

MR. VAREL: Thank you, Council Chair and Councilmembers.

CHAIR KAMA: You're welcome. . . .*(laughing)* . . .

MR. E. DOWLING: Chair Kama, thank you...thank you, and Councilmembers, thank you for this opportunity to...to discuss the project. As John mentioned, it's...it's a challenging environment right now, both for construction financing and for mortgages. You know, we're doing the Hawaiian Home Land Project. We have three Hawaiian Home Land projects, and the mortgage rates really keep me up at night and wake me up in the middle of the night. It's...it's going to be very, very challenging to...for those beneficiaries, even at...at the prices that the homes will be, which is about half the market, to secure mortgages. And it's...it's frightening. But for this project, we've...it's been a challenging and fun puzzle to try to figure out and try to put together. It's...John and Lawrence have been terrific in sharing information and helping brainstorm. And it's...as John mentioned, there's a...there's an individual who's a part-time resident here in Maui, whose company owns about 20,000 apartments nationwide. He builds 3,000 apartments a year, and he's really...that's all he does. He just does apartments. We typically...in the past, we haven't done apartments, and we wouldn't be here having this conversation today if it wasn't for...for his company's support. They'll be the lead investor. They know every HUD financing program, every Freddie Mac, Fannie Mae program there is. They...building 3,000 units a year, he's...he's...every year, he tries to improve the product. And after accounting for inflation, save \$100 per unit. That's his goal each year, is try to make it a little bit better, and make it \$100 less expensive to develop each unit. So, when we reached out to him, he...he was receptive, and he shared some plans with us, which are...these are the plans that he builds in...in Texas, Arizona, Colorado, Wisconsin, Georgia, and Florida. The...and we're ready to submit. The...we can...we could submit these plans immediately for plan check here in the County. The...if, with your favorable consideration, we would start civil engineering, that would have to be...that's work that needs to be done, and...and proceed with the project and try to...try to create some housing on an expedited basis to...to meet--we already had needs in the community before the Lāhainā wildfires and Kula wildfires, but as we all know, now it's...it's even more so, and...and we...we're also looking at some projects in...in Lāhainā, the Hawaiian Home Land projects. We did Leiali'i Phase 1A, and we're...we're hoping to do Leiali'i Phase 1B, and the Honokōwai Project. So it's...we don't look at it as an either/or, Central Maui, or South Maui, or...or Lahaina. We think we need housing everywhere at all price points. So, Jack, you want to walk us through?

MR. J. DOWLING: So, this is just a...a map to put into context, and kind of give you...to give you a lay of the land of the project site and the surrounding area. So, the project site is called out there in gray shading, and the...two of the three Department of Hawaiian Home

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Land projects that my dad referenced are just makai of that. Pu'unani is called out just north of Honoapi'ilani, and then Wailuku single-family, which would be 204 lots, is in between formerly Kuikahi Village and Pu'unani. Next slide, please. So, to put into context the shift from a for-sale project to a rental project, I just want to speak a little more on the impact of mortgage rates. These are headlines all from this month, from major publications, speaking to the challenges that homebuyers are facing, given 8 percent mortgage rates. Next slide. This is just to help you kind of put into context and perspective how quickly of an acceleration we've seen those mortgage rates increase over the last two years. It's 170 percent increase over 2021, based on the 8 percent...now 8 percent rates that we're seeing today. Next slide, please. And what we tried to do here is really put that into context in terms of what it means for homebuyers, specifically homebuyers in Central Maui. And so, what this chart is showing is...the blue line is monthly mortgage payments on the median home value in Wailuku. So, that's a function of home prices at the time, and the mortgage rates at the time. The orange line is the above-moderate rent levels per the Maui County Affordable Rent guidelines. And what you see is that over the past eight years, from 2014 to 2021, rents and mortgage payments have been generally in line with one another. Well, in...from 2021 to today, home appreciation in Wailuku has been 40 percent, and the mortgage rates have increased 170 percent. And so, what that means for your mortgage payment on the median home value is an increase of 140 percent over two years. So, there's never--at least in recent memory, never been more cost-prohibitive to buy a home. And that's evidenced by the fact that it's a two...almost a two times gap between the mortgage payment on the median home value versus the rent at above-moderate rent levels. Next slide, please. So, with that context in mind, it led us to shift to a rental execution. What you see on the screen is a comparison of the formerly-approved for-sale housing plan for Kuikahi Village, and on the right is the plan that we're proposing for the Workforce Housing rental execution. On the left, if you recall, was all for-sale, 202 units. Workforce Housing ranges between low- to above-moderate, I believe. And what you'll notice is there are 54 structures on that plan to the left, seven different building types. Everything from tiny homes, single-family homes, condos, duplexes, live/work. And while that certainly satisfies a bunch of different needs, it's not exactly the most cost-effective from a material and from a labor standpoint--I'm sorry, from a material and a construction standpoint. You just don't have those efficiencies. And you overlay that with what John mentioned, you've seen with mortgage rates, interest rates, and construction loans, and it's just not feasible today. So, that led us to pivot to the Workforce Rental Housing Plan. These are six-building structures, two different building types, all workforce housing, serving above-moderate and below...low- to above-moderate, so same rental categories. You'll notice that there are...it's 202 units. You have a clubhouse, a pet park and washing station. Those kind of smaller areas in brown are actual garages that you can rent, and two points of ingress-egress, same as Kuikahi Village. As my dad mentioned, we're partnering with (*audio interference*) a group that has built 3,000 apartment complexes per year. They've actually built...I'm sorry, apartment units per year. They've actually built 125 apartment complexes, 33,000 units. So, they know what they're doing. They have one set of plans, and it provides those efficiencies in that they're standardized, and it allows us to move through this project on an accelerated basis. Next slide, please. This is just...and it

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doesn't come through as well, but this is a rendering of the elevations. And so, it's...it's three-story product, 36 units per building, in some cases 30, and we're going to...it's subject to change. We're going to work on making the color schemes have a little more of the local flavor, but it's...it's just to give you a sense of the product based on the plans. Next slide, please. So, this is a comparison that we put together, and really, through this comparison, I wanted to call out two...two things. One is, if you look at the top table, because we're using a set of plans that are already available, ready today, and built throughout the mainland, you'll notice that our unit sizes across all studios to three bedrooms are larger than what is typical in the market today. And so, if you compare it to Wailuku Apartments, for example, anywhere between 120 to 140 percent larger. So that's...that's one point. And while we could go through a redesign process, and potentially bring those units closer in line with the typical footprint for units here on the island, the trade-off would be, we wouldn't be able to build housing now. And by using these plans, I think renters get a little more bang for their buck in terms of larger living spaces that can accommodate them, and it allows us to move through the project more quickly. The second thing I wanted to call out is the unit mix, what you see on the tables below. This is going to be 100 percent workforce housing, so serving between the low- to above-moderate income ranges, 80 to 140 percent. 51 percent of the units are going to be housing income groups at moderate or below, and then, 49 percent will be above-moderate. And what we really tried to do, and the reason for the comparison on the bottom left, is we're trying to provide units across all unit types, studios through three bedrooms, for each income group. So, you'll notice that there are no gaps. For example, in the three bedrooms, we're providing three bedrooms for 80, or the low-income group, all the way to above-moderate, and at the affordability levels that we're targeting. The price per square foot is...kind of speaks to the value proposition for the renters. That's called out at the bottom in yellow. Next slide, please.

MR. OKIMOTO: So, this is a preliminary development schedule we have for the project. Kuikahi Workforce is one of the new Maui projects that's closest to shovel-ready with existing County infrastructure, ready to service the project in the ground. Provided that we can get the necessary review and approvals for the construction plans and the construction permits, we anticipate starting construction before the end of next year, with people being able to move in early 2026.

MR. J. DOWLING: So, what we're asking. The first is a request for modification to the income group distributions for this workforce housing project, which are detailed therein as we went through, 51 percent of the units will be servicing moderate or below. The second thing, and this is what John alluded to in the intro, is right now, to make this project feasible, we need some financial support from the County. And in the past, that financial support came in the form of a grant. What we are proposing is a low-interest rate loan. It would be \$40 million at 25 basis points, and the loan term would match the desired affordability period that the County is envisioning for this project. So, it would be an interest-only...or interest-only for ten years, and thereafter, the loan would amortize over the remaining life of the affordability period. And we think there are a couple of advantages here to this structure. One, it's a loan, not a grant, so the County...it's the

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County outflow that gets repaid over time, and in doing so, it's a sustainable and circular source of funding that can provide for future workforce housings...projects. And then, via the interest payments, via the loan repayment itself, that will replenish the County's Affordable Housing Fund over time. The...I want to speak a little bit to the why this is needed. So, as John mentioned, and as my dad mentioned, our partners who have kind of the multifamily development expertise here, they are well-versed in agency financing, HUD financing, et cetera. In HUD, for nonrental-restricted product, or just product that allows for it in general, they're willing to go up to 85 percent of cost. They'll fund 85 percent of cost, if the cash flow profile allows for that (*audio interference*) on the cash flow profile of the deal. The reason that's relevant here is, given the income levels that we are targeting, the cash flow profile only allows HUD to size up to 52 percent loan-to-cost. And while our partnership can provide 15 million of that equity roughly, that still provides a \$40 million gap, with not much cash flow after paying the HUD debt service, to be able to cover future debt service, which is the reason that we need a low-interest rate County loan in...for support. Next slide, please. So, 40 million is a large number, but there are a couple of considerations that I think make it digestible. The first is, that \$40 million loan can be funded over two fiscal years, separate fiscal years in \$20 million installments. And for the first fiscal year, the first \$20 million, we're thinking about where can that source of funding come from within the County's budget, and we landed on a couple of different sources. One is, there's already \$6 million appropriated for Kuikahi Village. The second would be the \$7.5 million appropriated for Travelodge, which was in Lāhainā, and tragically burned down. And the final one would be the 6...actually 7.5 appropriated for Haggai, of which we would only need 6.5 to bring it to a total of 20. And the reason for that is, it sounds like the State is moving forward...or the State would own and partner with someone else to operate it. And so, there's no need for those...those funds from the County. Next slide, please.

MR. E. DOWLING: So, in summary, before we (*audio interference*) questions, the...the current for-sale product, it's just...it wouldn't get built. It just is not...it's not...it's not feasible, it's not financeable, it's not...I don't think the buyers--if it could be built, I don't think that, at these interest rates and today's mortgage rate at 8.06 percent, which is more than a 30-year high, it just...it wouldn't work. So, this is a...this is a solution that would enable us to...to move forward very quickly. It's developing the Homestead...Hawaiian Home Lands project below, it's...it's very good soil. It's...it's easy soil to work in. It's...it's dirt, as opposed to rock, which allows us to move quickly. The...and it's...it's something we could...I mean, the plans are done. So, really, at this point, it's a civil engineering exercise as opposed to an architectural exercise. The...and it's ideally located. It's...based on our past projects, Central Maui is the most desirable place, in terms of demand for product on Maui. It's where we...when we market projects Upcountry, or we market the...even Hawaiian Home Land projects in West Maui, the demand is strongest here in Central at all price levels. The...so, we hope that...we hope that the Council will give it favorable...give the request favorable consideration. As a taxpayer--and I'm taking off my development hat and putting on my taxpayer hat--I would like the loan process and the loan opportunity a lot more than the grants. Grants, we don't get the money back. As...as taxpayers and citizens of the County, we don't give that money back. It benefits the first

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group in, it benefits the developer, but it doesn't...long-term, it's...doesn't benefit the taxpayers. And this will be money that comes back in, as Jack mentioned. It replenishes the Affordable Housing Fund, and is there to...to lend out to...to future projects. So, we're happy to address any questions any of you Councilmembers might have. Thank you.

CHAIR KAMA: Okay. So, Members, before we dive into asking you all your 1,001 questions, I just want to remind you, this is a 7(B) presentation, right? These...they are going to come back with us later on with their 201, yeah? But right now, Members, we will now receive public testimony on this item. We're going to follow the same process as with the prior item, allowing three minutes of oral testimony. So, at this time, we're going to call on testifiers wishing to testify on HLU-3(8), which is before the HLU Committee this time. Ana, do we have any testifiers?

MS. LILLIS: Yes, Chair. We only have one person signed up to testify. We have Kai Nishiki located in the Chamber.

. . . BEGIN PUBLIC TESTIMONY for HLU-3(8) . . .

CHAIR KAMA: Good morning, Kai. And please come on down.

MS. NISHIKI: Good morning, Chair. Good morning, Committee Members. Kai Nishiki, testifying on my own behalf, and I'm sure, you know, everyone is tired of seeing me and hear...and hearing me up here. I'm up here a lot. And, you know, honestly, I actually don't want to be here either. My daughter turned 21 last week, and my son turned 23 today, and I sure wish I was in Vegas partying it up. But I'm here with you guys, advocating for housing because, you know, like, I want to keep our kids here, and...and they're leaving by the thousands every day, and it's heartbreaking. We are facing...our...right now, we have the greatest housing crisis facing Maui County in our...in our lifetimes. And data studies, our Community Plan, all...all document that very well. You know, we have probably 8,000 additional houseless in West Maui. And I was the Chair of the West Maui CPAC, and at that time, we identified that we needed 6,923 housing units built just in West Maui by 2040 just to meet the demand. And we...and we have...you know, look at all of the resources that we have right now. We have the Comprehensive Housing Study, there has been legislation to support building of housing, there have...all of the needs have been identified in that housing study. The Community Plan lays out a number of ways to move forward in building housing, and we have the most funding and the most tools available to us--the Affordable Housing Fund, progressive legislation to prioritize, making sure that housing goes to our residents, prioritize by length of residency. We have emergency proclamations, we have builders stepping up, we have entitled projects, or we have the most funding...you know, millions of dollars in the Affordable Housing Fund, GET surcharge estimated to bring in multiple millions of dollars. And you know what we're out of right now? We're out of hope for our future in West Maui. We're out of faith in our leadership. And we're really missing action. Action is what's missing. A sense of urgency is missing. Leadership willing to make bold moves, that is...that...and action that's

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commensurate with the tragedy that has occurred, and the . . .*(timer sounds)*. . . amount of people that are houseless. So, I'm just asking you, please prioritize housing, and prioritize all funding for Lāhainā. Lāhainā is bleeding out. Bleeding out. It's an emergency. We're in the emergency room, and all of our resources need to go to Lāhainā. In all of your budgeting, and all of your financing proposals, please, please prioritize West Maui and Lāhainā, and solutions there. Thank you so much. Mahalo.

CHAIR KAMA: Members, questions for our testifier? Chair Lee.

COUNCILMEMBER LEE: Good morning, Kai. Do you support this project at Kuikahi?

MS. NISHIKI: Yes, I absolutely do support this project. I supported it before the fire, and I do think that it is a solution for housing. I would just urge there to be prioritization, like perhaps look at, you know, where...where priority funding should go to, and make sure that the funding goes to West Maui first, and everything else after that. And I think, you know, that there...there are...that there should be some sort of formula figured out, that there should be appropriate funding for appropriate number of units built, and the more number of units that you can build, and the location should be considered.

COUNCILMEMBER LEE: Thank you.

MS. NISHIKI: Thank you.

CHAIR KAMA: Yes, Member Sugimura?

COUNCILMEMBER SUGIMURA: So, based upon what you just said, for clarification, you would not support this project because it is a Wailuku project?

MS. NISHIKI: Oh, no, no. I said...I was very clear, I support this project. I just feel that the Council should look at a scale of priority, and a scale of funding, and prioritize Lāhainā projects first.

COUNCILMEMBER SUGIMURA: Because I think we...this is a Wailuku project. I don't have any...or know of other projects that are before us that are this ready to go. So that's what's making me wonder because this is ready to run. Other projects are still trying to rev up. And so, that's...that's why I'm asking you that question.

MS. NISHIKI: Okay. If you would like...like I said, I was the Chair of the West Maui Community Plan, the CPAC, and we identified an entire list of projects in...in West Maui. And I'm pretty sure that you were here a couple of weeks ago when a project in West Maui was proposing to bring over 1,000 units of housing, and their project...I'm pretty sure you were at the groundbreaking, too.

COUNCILMEMBER SUGIMURA: I wasn't.

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MS. NISHIKI: Oh, okay.

COUNCILMEMBER SUGIMURA: I was not.

MS. NISHIKI: Most of the other Councilmembers were, so...and if you've been out to West Maui lately, you'll see that the project has already begun, almost ready to go vertical. And so, it's not shovel-ready. The shovel has already been stuck in the ground and ready to go.

COUNCILMEMBER SUGIMURA: Okay. Thank you. Thank you.

MS. NISHIKI: And then, there's also DHHL, Honokōwai, Leiali'i, and hopefully Kā'anapali 2020. You know, those...those are the projects I feel that should receive the most priority and financial support.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR KAMA: Thank you. Members, any other questions for our testifier? Seeing none. Thank you so very much. And so, before we continue, I'd like to be able to welcome our Member from Moloka'i, Keani Rawlins-Fernandez. Aloha. Good morning. Aloha kakahiaka, and talofa.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka, mai Moloka'i Nui Ahina. E kala mai for my tardiness. I'm at the Moloka'i District Office, alone here at the office. There are no testifiers here. I did see Member Cook put his hand up when you were looking at Staff, for a question for our last testifier, Ms. Nishiki. So, I don't know if I'm just helping you --

CHAIR KAMA: I can...I can go there. I was looking at this note that said you're here. Member Cook, did you have a question for Ms. Nishiki?

VICE-CHAIR COOK: I did have a question. The fact...how do you feel about the fact that this is a loan and not a grant?

MS. NISHIKI: Oh, I...I absolutely love that idea. Yeah, I think...I think it's good to...to look at all...at all options.

VICE-CHAIR COOK: The...the list of projects for West Maui, which I think we are unanimously supportive of, I don't know how many of those are loans and how many are grants. I'm just curious because of the...the availability of funds that you're...that you're...expressed concern about, it seems like that if it's a loan and not a grant, that differentiates itself in the funding mechanism. Would you agree with that?

MS. NISHIKI: Absolutely. And in addition to that list that I gave, you know, there's also the Kaiāulu o Kupuohi and Kūku'ia projects. Those also, you know, are...are in West Maui and deserve priority. And yes, I do...I...I love the idea of looking at a long-term loan for

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projects in West Maui as well. So, you know, definitely open to discussing that for all of those projects as well.

VICE-CHAIR COOK: Thank you. Thank you for your support for housing and your continued advocacy.

MS. NISHIKI: Thank you.

VICE-CHAIR COOK: . . .*(inaudible)*. . .

CHAIR KAMA: Members, do we have anyone else, quick questions for our testifier? Seeing none. Thank you, for sure, this time.

MS. NISHIKI: Thank you.

CHAIR KAMA: Staff, do we have any other testifiers this morning?

MS. LILLIS: Yes, Chair, we have Zandra Amaral Crouse in the Chamber as our last testifier.

CHAIR KAMA: Good morning, Ms. Crouse. Welcome, good morning.

MS. CROUSE: Good morning, and aloha to you, Chair, and Councilmembers. I'd like to first thank you, the Mayor, the Governor, the Fire Department, just everybody that supported my family, and all of the citizens of Lāhainā. I commend any developer that comes forward. I do know that my family, whether a home is available, a rental is available, in Lāhainā, Ha'ikū, Makawao, Central, which would be nice, would move. They're a little bit weary of having to pack their bags, and as the principal broker for two hotels in Kā'anapali, we have seen our employees having to do exactly that. My hat goes off to the hotel managers. But regarding this project, I think it's really a smart financial move to put--rather than giving a grant, which is money we give away and we never see it again--with a loan. And I know that, like you, Chair Kama, you know, when we were working in the faith group, and all of the members there, and all of you, most of you, have always been...always talked about a way to create a perpetual fund for housing. And this would be it. As a loan, it's coming back to us. And I agree with you, Everett, and my principal broker hat is off, I'm speaking as a taxpayer right now. But another thing I'm going to ask the developers, we had a tragedy in Lāhainā when the owner of this rental properties was taking it away from people who had been renting in the apartment for 25, 30 years. They were old. And I saw them with their pickets and having to sit outside and beg the County, the State, to help. And they did, of which I'm very grateful. But when we're looking at workforce, what we'd like to do is infuse some kind of guideline and guarantee to the citizens of Maui County that it will be in perpetuity, or it will be affordable, because these people move in, and they stay. They've got families. And I thank you for bringing the project forward. And I . . .*(timer sounds)*. . . I am totally in support of this, and I am totally in support of the idea, Madam Chair, of a loan rather than a grant. Mahalo nui.

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CHAIR KAMA: Thank you, Ms. Crouse. Members, questions for our testifier? Seeing none. Thank you so very much. Staff, our next testifier is?

MS. LILLIS: Yes, Chair, we actually have two individuals signed up on BlueJeans. We have Tom Croly, to be followed by Manuel Kuloloio.

MR. CROLY: Aloha, Committee, Tom Croly. This project I saw once before, and I'm very supportive of it. It was a for-sale project, and now, if I understand the presentation correctly, it's shifting over to more, or I don't know, totally, for-rent project. These for-rent projects, I assume, and...and I'd like you to clarify this with the...with the builder, are usually funded by LIHTC credits. Those are Federal housing tax credits. That usually means that we can't restrict the...the ownership to only Maui people. So that's...that's a concern that I have that I just want to raise, and I hope...I hope to have a discussion about it. Because the high interest rates that we're seeing today are making it less...you know, more difficult for people to buy. But specifically, what they're doing is, they're lowering the price that the...that the product can be sold for because of the...how the formula works, and then the builder can't make it work. But with LIHTC credits, they can make it work, and those tax credits become...become an asset that they can sell, and so forth. So...so it's a funding mechanism that I support 100 percent, but we're going to end up with a lot of rental properties here. And my question is, really, are we going to end up with new residents coming in to fill up those...those, or are we going to be housing our current folks? And are our current folks going to want to rent for eternity? I mean, obviously, we need more housing no matter how we can get it, but...but I know a lot of folks would like to be...be homebuyers. And if we have too many LIHTC-funded projects, are we going to end up with too many of these rentals? The other question that I have about all these, there have been two of them, or three of them here in Kihei, and I see them as successful because I see that they filled up with people, and there's people being housed there. But I have no idea who those people are. I have no idea whether those people are the...the workforce that we're trying to house, or whether they're retired people that just moved here because they could get a place to stay or whatever. I...I truly don't know, and I don't know who manages that. It isn't the County after...after these...these projects get built, I guess, you know, going down the road five years from now, ten years from now, so forth. And of course, we...we lost one big LIHTC project up in...in Lāhainā, Front Street Apartments, and it goes through my mind, where...where are those people going to go that...that had this...this, you know, really good low, affordable, housing rent, and where are they going now? So, I'm throwing those questions out there, only because I see that this project seems to be shifting from a for-sale project to a LIHTC project, and I think you, separate from this project...project specifically, have to have a broader discussion about how we will manage those LIHTC projects, and whether they really are solving the need that . . .(timer sounds). . . we have. Thank you, Chair.

CHAIR KAMA: Thank you, Mr. Croly. Members, questions for our testifier?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair? Chair?

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CHAIR KAMA: Yes, Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair --

CHAIR KAMA: I see you and Mr. Johnson.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- I also see Member Johnson.

CHAIR KAMA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, great. Aloha, Mr. Croly. Mahalo for your testimony this morning. So, my understanding is they will not be using LIHTC credits.

MR. CROLY: Oh, good.

COUNCILMEMBER RAWLINS-FERNANDEZ: Low-interest (*audio interference*). So, I don't know if that addresses the concern that's most of your testimony, but to clarify, does it? And then, the second part is regarding Member Johnson's bill from the last term that would have addressed the problem of who are we housing here? So, both of those things, if you could clarify? Thanks.

MR. CROLY: Well, I'm...I'm glad to hear that this project is not using LIHTC. I think another project that you recently funded was going to do that, the one up in Lāhainā, Pulelehua. So again, my question just is not specific to this project. It's...it's in general, about these...these LIHTC projects.

COUNCILMEMBER RAWLINS-FERNANDEZ: And then, regarding who are we housing, and Member Johnson's bill last term that would have addressed the concern of, are we actually helping to house the people who are currently here, or are we bringing more people here who are taking up all the housing?

MR. CROLY: Well, again, if...if someone uses LIHTC credits, my understanding is you can't restrict them to only local people. That's...that's part of the...of that funding, is...is that you're restricted there. So again, I'm just saying that in general, when you're...when you're evaluating these projects, we want to balance off, you know, what...what can we put restrictions to, and house local people, and...and not be attracting people to come to, you know, live in Maui for low rents versus people buying...having the opportunity to buy properties, and so forth.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, it may not just be specific and exclusive to LIHTC. Federal funding is also a general concern with financing.

MR. CROLY: That's...that's true.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for that. Mahalo, Mr. Croly. Mahalo, Chair.

CHAIR KAMA: Welcome. Member Johnson?

COUNCILMEMBER JOHNSON: Chair, great minds think alike. Councilmember Rawlins-Fernandez asked my question, clarifying. But just to add to that, LIHTC's only available for 60 percent AMI and below. So, just to let you know, Mr. Croly. Thank you, Chair.

CHAIR KAMA: You're welcome, Mr. Johnson. Any other Members with questions? Seeing none. Thank you very much, Mr. Croly.

MR. CROLY: Aloha.

CHAIR KAMA: Thank you. I think we have another testifier, Mr. Manuel Kululoio. And then, Jaycee, I think I saw you out there, and you can...

MR. KULULOIO: Aloha, Aunty Tasha, can you hear me?

CHAIR KAMA: Aloha. Yes, I can. Thank you.

MR. KULULOIO: I just got out of my office. Did an...did an audit here at Bravo Piers at Pearl Harbor, and as I'm looking directly at 95 degrees to 99 degrees off the bow of the USS Missouri, I see a very huge fire going on above Mililani Mauka. What does that got to do with this? I think I've done over...been a part of 799 blessings with my father and grandma as a young man. Got to know every developer on the Island of O'ahu, let alone Maui. So today, as I was just scrolling along, and I saw Uncle Everett testify with Kuikahi, I ask that you support his endeavor. He's a good man. I've heard a lot of people use a lot of pejorative words against him, but he's a very good man of honor and integrity. I know. And my dad was very close to Uncle Everett. So, I've seen this Kuikahi project go on for many, many years. If I'm correct, there's a big wastewater treatment plant's going to be built in Waikapu. I've been monitoring that. I'm concerned. I'm still a taxpayer of properties in Honua'ula, inherited my grandma's place in Kahului, where Ookas and Nodas gave two mango trees to everybody, to...to plant. I do have a property in Hāmākualoa and Pa'uwela, and I'm afraid that my two younger children, Abraham and Piper-Ann Kekauonohi will never be able to afford a home as that chart I just saw you folks throw up, 1.3 million for rent for over \$3,000. I don't know who the hell can afford that. That's why I've been very, very rough about what happened in Lāhainā, and we will hold everybody accountable. It should never happen. It's a man-made disaster. So yesterday, the smoke went huli at 10:30 at night, and I chose to go to a Kanoelani School, and see where my children got to breathe this bloody smoke. Because I don't want them to go through what people have to go through in Lāhainā. Air purifiers in their classroom. Thank you, DOE. Thank you, Josh Green. But Aunty Tasha, you know, I grew up with Lokahi Pacific. I grew up learning about HUD, housing finance, development corps, all

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these tax breaks. But to the Councilmembers, please take care of this project for Mr. Dowling, who I call Uncle Everett, and have a beautiful day on the Island of Maui. When I woke up and saw the sunrise from 4117 Black Point Road, I could see the silhouette of Moloka‘i, Lāna‘i, . . .*(timer sounds)*. . . and Haleakalā. Thank you.

CHAIR KAMA: Thank you, Mr. Kululoio. Members, questions for our testifier? Seeing none. Thank you so very much. And now, our last testifier, I think, is Jaycee Law.

MR. LAW: From Kula Uka, Waiakoa ahupua‘a. Good morning, Councilmembers, and members of the public, and Councilmembers on the other islands. The Hawaiian word of the morning is ku‘ikahi, from the Pukui/Albert dictionary. It says it means a treaty, covenant, agreement, league, feeling of unity, united, unified, to agree. And I appreciate the last testifier giving me a little background on the project developer here, because the only thing I know about him was the...he had something to do with Kulamalu, and something to...I had a problem with the guy that’s running the farmer’s market, but that’s got nothing to do with this here, so...so, the...I just had a question about the money, the loan. Are we loaning them money? Is that Hawaiian money, or is that United States money?

CHAIR KAMA: Members, any questions for our testifier? Seeing none. Thank you so much, Jaycee. Jarrett, is there any more testifiers signed up?

MR. PASCUAL: Chair, there’s currently no other individuals on our testifier list at this time. And if you’d like, I can do a last call.

CHAIR KAMA: Yes, please do. Thank you.

MR. PASCUAL: Okay. To anyone out there wishing to testify, if there’s anyone out there in the audience or in BlueJeans that would like to testify, please come up to the mic or unmute yourself on BlueJeans now. This is the last call, and I’ll give a brief count *(audio interference)* --

MS. DUNCAN: I’m going to have to testify, so...

MR. PASCUAL: I see a Gina Duncan on BlueJeans. Gina, would you like to testify?

MS. DUNCAN: Yes, in favor of the Kuikahi project. We do need rentals. I’m the owner of Pine Island Properties, and help with the Hale Kai‘ola Project in Kihei, that, to Mr. Croly’s question, did go to 100 percent workforce housing Maui residents. But we had a homeless woman and child attend our broker meeting this morning in Lāhainā, and there’s just not enough being done, folks. We need to get homes for these people. It is heartbreaking, what we are seeing out here. And I know projects take time, but we have to do something more. We have to do something more for the people of Lāhainā. Every day...and this...this woman’s story broke my heart. Came in barefoot, and her and her child will be homeless tomorrow. So, it’s nice that we’re holding a lot of meetings, but we need some fast action, and especially housing in Lāhainā. So, anything you can do for housing in...in Lāhainā,

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where the people are working. She has a job, she has two jobs, but doesn't have a home. And that's...I think that's a disgrace on all of us. So, thank you for hearing my testimony and thank you for your efforts on Kuikahi moving forward.

CHAIR KAMA: *(Audio interference)*.

MS. DUNCAN: Yes, ma'am?

CHAIR KAMA: Members, do you have any questions for our testifier? Seeing none.

COUNCILMEMBER PALTIN: I have a question.

CHAIR KAMA: Oh, Member Paltin has a question for you, Gina.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Duncan. I just wanted to clarify. You're saying they'll be homeless tomorrow because they're being evicted from the hotel?

MS. DUNCAN: She didn't say where she was living. She gave an impassioned plea to a roomful of realtors in tears, begging for housing for her and her son. And I was the only one that reached out to her, and I will find her a house.

COUNCILMEMBER PALTIN: And --

MS. DUNCAN: If it's one -- if I got to do it one at a time.

COUNCILMEMBER PALTIN: Did she say what the amount of rent she would be able to afford?

MS. DUNCAN: No, she did not. And I'm going to reach out to her today regarding what she can afford, because she did say she had two jobs.

COUNCILMEMBER PALTIN: Thank you.

MS. DUNCAN: But she's...she's not the only one, and I know you know that too. You hear from the people in Lāhainā just like I do.

COUNCILMEMBER PALTIN: Yeah. But without specific data, it's difficult to make the decisions. If we're making a lot of housing that people can't afford to rent, then it's not helping them. Thank you.

MS. DUNCAN: I'm in contact with someone that can do container homes very inexpensively right now, can have them here in a matter of months. But we have to work together to make things happen. So, I'm happy to meet with any of you and share that developer's solution. But I've been waiting to gather more data before I presented it.

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CHAIR KAMA: Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. So, thank you, Gina, for testifying with your compassion. And if this person was affected by the wildfire, then Red Cross should be able to help her. And I believe even if they were not, from what I learned from Red Cross, is that they were keeping those people who were homeless before the wildfire that had children or were medically challenged, to be housed. So, if you and I can (*audio interference*) I would like to help you, or talk to you.

MS. DUNCAN: Thank you, Councilmember. I appreciate that, and I'll reach out to you and the Red Cross as well.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

CHAIR KAMA: Any other questions for our testifier, Members? Okay, seeing none, thank you so very much, Gina.

MS. DUNCAN: Thank you.

CHAIR KAMA: So, Jarrett, do we have any other testifiers?

MR. PASCUAL: Chair, no one else is currently signed up at this time. If you want, I can do one more last call if you'd like?

CHAIR KAMA: Absolutely. Thank you.

MR. PASCUAL: Okay. So, to anyone out there wishing to testify, please make yourself present and begin your testimony. This is the last call, and I'll give a brief countdown...three, two, one. Seeing none, Chair, no one else is wishing to testify.

CHAIR KAMA: Thank you, Jarrett. Okay, Members, seeing as how there are no more individuals wishing to testify, without objections, I will now close oral testimony for this item.

COUNCILMEMBERS: No objections. (Excused: KRF)

CHAIR KAMA: And as a reminder, written testimony will continue to be accepted into the record.

. . . END PUBLIC TESTIMONY for HLU-3(8) . . .

CHAIR KAMA: We're now going to proceed HLU-3(8), and Members, I'm going to call upon you now for questions. But we're just going to take one question, and then we're going to take a break; is that okay? Okay. So, Vice-Chair, do you have a question for our presenters?

VICE-CHAIR COOK: The...those...those drawings, they meet all the building standards? I'm

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just curious. It's, like, ready to go, it sounds almost like a designed, registered, multifamily project?

MR. E. DOWLING: Correct. That's correct. And it's...they're...not only are they ready to go, they're--and as a contractor, you'll appreciate this--they're extremely efficient. They're...94 percent of the constructed space is within the apartments. So, they're...which is extremely, extremely efficient. Most...most apartment projects are in the anywhere from the mid-80s to 90. These are 94 percent. So, there's...there's no center hallway. A lot of apartments are similar to hotels, where you have that center corridors and apartments on both sides. This, you walk up the stairs, and as you get to the top of the landing, there are four doors. It's...they've done a...they've given these plans a lot...a lot of tweaks and a lot of thought over the years.

VICE-CHAIR COOK: Thank you for that answer. I look forward to being able to look at them later. Aloha.

CHAIR KAMA: Thank you for that short, brief question. So now we're going to take a ten-minute recess until 10:42 this morning. HLU is now in recess. . . .*(gavel)*. . .

RECESS: 10:32 a.m.

RECONVENE: 10:46 a.m. (Excused: TP, KRF, SMS)

CHAIR KAMA: . . .*(gavel)*. . . The HLU Committee meeting of November 1st, 2023 will now reconvene. And so, we will now continue with our Members asking questions of our resources. So, let's go on to Council Chair Lee. Questions for our resources?

COUNCILMEMBER LEE: Thank you, Chair. Mr. Dowling, would you consider experimenting, perhaps, with a rent-to-own program

MR. E. DOWLING: We've looked at that in the past. In terms of the HUD financing, it would...it would be complicated. I can research it further, but when we...when we've looked at it in the past, at best, it was challenging. And we looked at it recently for the...for the project just makai of this, the Hawaiian Home Lands Project. But Councilmember Lee, I don't know enough about the...the details of the HUD loan that we're...we're working on to be able to give you a clear answer. But that's something we'll research, and I'll circle back to you.

COUNCILMEMBER LEE: Okay. And during the break, I had an opportunity to talk to Jack, and he also said that was something you'd be willing to look at. And he also mentioned the possibility of conversion, Jack?

MR. J. DOWLING: Yeah. So, should it make sense, and should HUD financing allow for this, One of the things that we were contemplating is, in the event that mortgage rates drop back to historic norms, at least in recent memory, potentially pivoting back to a for-sale

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execution, so that when it becomes more cost-effective or less cost-prohibitive, we can potentially pursue a for-sale execution. So, it's something we'll explore further.

COUNCILMEMBER LEE: Okay. Thank you.

CHAIR KAMA: Thank you, Chair. And next, I think Vice-Chair Sugimura. Questions for our resources?

COUNCILMEMBER SUGIMURA: Yeah, thank you. Thank you very much. Good to see Jack doing the presentation. Everett, he's going to take your job.

MR. E. DOWLING: You're right. In 62 months.

COUNCILMEMBER SUGIMURA: Oh, no, you're counting. Oh, God. Anyway, good to have you do the presentation. And of course, such a dynamic team. So, appreciate that. I just wanted to learn a little bit more about the interest, since this is a loan. And I love seeing this, by the way, because, you know, we would always grant money out, and it's good to...exactly, as a taxpayer, to see the money coming back, right? So, it'll...it'll be there for future affordable housing projects. So, tell me about the duration of the loan, or how the loan would work, the interest rates, and when you would start paying it.

MR. J. DOWLING: I got it. So, the way we were envisioning this is, it would be junior to any HUD construction financing, and that...that's a requirement for any agency or HUD construction financing. So, what that means is, we would pay the HUD interest rate first. Any excess income would go to pay the County loan. Because of the cash flow profile of this deal, the loan would need to be interest only for the first ten years. Thereafter, in the event the County would like this to be the typical LIHTC affordability period, for example, of 60 years, then the loan term would be 50 years...I'm sorry, 60 years, and the amortization period would be 50 years. So, after the interest-only period. And over the course of that 50-year period, we would not only pay interest, but we'd be...part of the debt service payment would go to pay down the principal of the loan. And that would happen over the course of the remaining 50-year affordability period.

COUNCILMEMBER SUGIMURA: Okay. And then, the other question I always ask everybody is, if you're talking about affordable housing money that you're looking at, as it was, you know, expressed, \$6 million was allocated affordable housing for Kuikahi, this project. You're right, 7.5, which is Ka Hale A Ke Ola, that...is it the Travelodge that burned? So that, as well as 7.5 Haggai, of which I believe 5 million was affordable housing, or 5.5, or 5 million, and the 2.5 was...came from another fund. But my question to you is, that is the Mayor supporting this funding? Because who has to release it is the Mayor. And I ask this of everybody that comes that has a wish list.

MR. E. DOWLING: Yes, we...we met with the Mayor--and John and Lawrence, if you all can...can step up to the podium and...and recap your conversation that we had after the meeting. The...but during the meeting, we...he was very supportive. He was certainly in favor of

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the loan as opposed to the grants. The...and he liked the fact that this is something that could happen very quickly, and people would be moving in in '26. The...after the meeting broke up . . .(timer sounds). . . we were...we were chatting with...with people in attendance, and Lawrence, you can...if you don't mind, because I didn't hear it firsthand and you did, so you could communicate what you heard?

MR. CARNICELLI: Thank you, Chair. Lawrence Carnicelli. At the end of the meeting, we got up and as Everett said, he was, you know, very keen on...on the project, and John and I kind of cornered him about this meeting. And we said, you know, we are going to meet with Chair Kama about a 7(B) meeting, and we kind of got to know where you are. And he looked at us and he said, you can tell Councilmember Kama that the Mayor is 100 percent behind this.

COUNCILMEMBER SUGIMURA: Thank you.

MR. CARNICELLI: Thank you.

CHAIR KAMA: Thank you for that message.

COUNCILMEMBER SUGIMURA: Okay. Yeah.

CHAIR KAMA: Okay. So, let's continue on with Councilmember Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. I have a lot of questions, and I think what I'm going to do is, I'm just going to read them for the record, and then my bell will probably ring. But let me just get started. So, I'm really curious. We went from a four...we went from a mixed-use to now a rental. So, when did the Betsill brothers reach out to Dowling, if that's how it went? Last I heard was Mr. Carnicelli was going to look into Bill 60, when Bill 60 is where you can use our bonds, and the Affordable Housing can pay off the bonds. That's really surprising me, a big, huge pivot we went through, and I appreciate Chair Lee mentioning about the rent-to-own. Because if it is going to be rental, I really want it to be rent-to-own. The next question is about the DBA. Is that going to have to get transferred? How's the DBA work in this scenario? I'm really disappointed in the Administration isn't supporting...investing in our people. It...but it...grants are an investment you add on...you know, it's...it's just not...I mean, every year, every year since I've been in office, I fought hard for the Affordable Housing Fund to be increased, and I'll fight again this year, okay? So, I don't think...we can't...we can't look at this as like a lack of resources. We have the resources to...to help invest in our people because our people are leaving. And we know that from our testifier, right? We just know that. Everybody knows that. The...the Mayor doesn't want to invest in our people, and that's really bums...because I don't look at it as a...as throwing money down. This...this is grants in our people. I...did...did Mr. Carnicelli and Mr. Betsill get denied by our Housing Department the \$20 million? That's why this...this all fell through? You know, it's really...it came out of left field because I just had a meeting with Mr. Carnicelli a few...a few weeks ago, and he was saying he needs 20 million to get this thing going...mixed use,

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for-sale, the future model of how we can do these. And now we're going back to rentals that look--I'm sorry, they look like the way Catholic Charities look, just a block housing. I grew up in homes like that in inner city, and I know the deal. I thought...so then, the other thing is, these...when we look at the interest rates, this project is going to take time to be built. So, in the future, hopefully the interest rates will change. To look at the interest rates now is really...it's really...it might change, and I hope it change...we all hope it changes. Three bedrooms from \$1,814 to \$3,464. \$3,000, 3,400 for a three-bedroom, and we're talking about affordable or workforce housing? Hmm, that's...in this day and age, I wish our wages were high enough to cover that. But most people that I know who are looking for rentals, when they hear \$3,400, that's a lot of money. So, that's...those are all my questions for now, Chair. Anybody feel like tackling them? Thank you.

CHAIR KAMA: Thank you, Mr. Johnson. Okay, to Everett, it's back on you. . . .(timer sounds). . .

MR. E. DOWLING: Councilmember Johnson, thanks for those questions. We...we've been having conversations with John and Lawrence probably for...I'm guessing, probably three weeks to a month. And it was basically...it started off as, you know, they had an issue with...with, you know, the financing. It's basically, you know, construction loans, and you...your fourth question was regarding financing, and the rates might change, but you can't start a project without having your money...money lined up. You know, rates might change, they will change. They certainly will change. We don't know if they're going to change...get higher, or they're going to get lower, but there's certainly change. But you can't start a project without knowing where the financing is going to come from. So back to when we started, it was probably two or three weeks ago, and even at a \$20 million grant, this project doesn't make sense. Even at a \$30 million grant for a for-sale project, it doesn't work. It just does...it's not feasible, it would never get built. The...things have changed that much, and it's between the construction financing, between the mortgages, it's just...even a \$23 million grant, it would never get built. The...in terms of the DBA, the transfer of the DBA --

COUNCILMEMBER JOHNSON: Can I (*audio interference*) ?

MR. E. DOWLING: Sure.

COUNCILMEMBER JOHNSON: (*Audio interference*) so, Mr. Carnicelli, I know he's in the room. Did the Admin turn down your request for that funding?

MR. CARNICELLI: Thank you for the question, Member Johnson. No, they...they did not turn down the request for 20 million. Is...the process was, in order to look at the \$20 million option, we were going to have to completely re-entitle the project under 201H to 50-50. So it was, you know, 20 million, plus completely come back and do...re-entitle a fully-entitled project, and redo the DBA, and, and, and. And so, as...as Everett had said, you know, we're trying to explore all these options. We need housing, how can we do it? This has been an extremely humbling experience for me. You know, this has been my baby, right, for three years, and for it to not work has not been easy. But fortunately, we

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ran into Everett, and Jack, and Darren (*phonetic*) and Brian (*phonetic*), and the whole team, and luckily, they are a lot smarter than I am, and they can think of things that I can't. And in the last...I mean, it's truly evolved in days, as far as how this thing has pivoted. So, it's really the fastest way we're going to get housing, period. In the whole island right now, this is the next project that's going to be built, period. It's...they've got the plans sitting right there. If we went back to --

COUNCILMEMBER JOHNSON: (*Audio interference*).

MR. CARNICELLI: -- our project, it...it wouldn't happen as fast.

COUNCILMEMBER JOHNSON: I appreciate that you're trying to act speedily, but do you have to totally retile this project now?

MR. CARNICELLI: I'll let Everett speak to that. My belief is no. That I...I believe that what they can do is get an amendment to the current Resolution 22-193, and be able to move forward very expeditiously. That's my personal opinion, but again, I'm definitely not the smartest guy in the room. So, I hope that it's that way, and I hope that you guys can be supportive.

COUNCILMEMBER JOHNSON: Maybe we could hear from --

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

COUNCILMEMBER JOHNSON: -- Corporation Counsel.

COUNCILMEMBER RAWLINS-FERNANDEZ: (*Audio interference*) timer, or are you going to let Member Johnson go?

CHAIR KAMA: No, we're going to come back to the answering. Because he's asked all of his questions, and I think Everett had some of the answers ready to go. So, Member Rawlins-Fernandez, you are definitely next because Member Paltin had to be excused. We're going to go on to you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, I just saw Member Paltin on, and if she's able to ask her questions now, she can before me. Oh, okay, I don't see her video anymore.

CHAIR KAMA: Yeah, I didn't either, but she did ask to be excused.

COUNCILMEMBER PALTIN: I'm sorry, the other meeting started.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. Okay. Sounds good, Member Paltin. Okay, Chair. And I...and I do want to hear the answers to Member Johnson's questions.

CHAIR KAMA: Absolutely.

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COUNCILMEMBER RAWLINS-FERNANDEZ: But we are trying to honor timers as well. Okay. All right. Aloha, Mr. Dowling, and Mr. Dowling, and...oh --

MR. OKIMOTO: Okimoto.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Mr. Okimoto. Mahalo for being with us today. Nice to see you again. I met with them yesterday. They presented the...a similar presentation, mostly the same, yesterday. There were several things that I asked for. Some of them were in the presentation, such as changing the word affordable to workforce, so mahalo for making that change, and then correcting a typo which separated affordable housing to market. So, I think it was like 121 (*audio interference*) 02 for a total, and then they corrected that. But perhaps that was not market as much as it was the gap...so, like 120 to 140. One of the things that I asked for was the financial. Is there a reason that you didn't include that slide? Yesterday you said you would.

MR. E. DOWLING: I believe the question was, what would be the impact if...if we were to drop some of the rental rates down to 60 percent; is that correct?

COUNCILMEMBER RAWLINS-FERNANDEZ: I mean, there were several questions regarding financials. One, was where...oh, (*audio interference*), and so it had HUD for 52 percent, and then the 40 million from the County and (*audio interference*) equity. Okay, so those are the three source funding. And then, I asked about...so we...we...as Member Johnson had spoke to earlier, Affordable Housing Fund has been used as a grant to subsidize and pass the savings off to either buyers in for-sale projects, or the tenants if it's rentals. And so, in this case, it's rentals. And so, I asked, what is the financial impact to each of the units by treating it as a loan instead of a grant? And then we also talked about the deed restriction duration, and how long the deed restriction would be planned for. And that if the deed restriction was longer, like, say, 60 years, such as the projects that Ikaika 'Ohana folks have done, that the loan payback period would follow the deed restriction period. So, if you could speak to both of those?

MR. J. DOWLING: So, on the...the loan term and the amortization, and how that affects the rental levels, right now, at...you...I think you were here on this part, but the...the sizing of both the HUD and the County loan right now is based on the net income generated from this property, which is needed to service the debt, the interest payments. And so, as we're thinking about that sizing and the implications of the property's ability to service that debt, the affordability levels that we're targeting right now, unless you were to increase the County grant and decrease the HUD financing, which is the more expensive source of capital, you wouldn't be able to lower your affordability targets to the very low and low household income categories without a substantial increase in the amount of County grant.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, I'm sorry, Mr. Dowling. That --

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MR. J. DOWLING: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- that wasn't my question. I mean, I'm open to hearing these comments as well, but we are limited on time. So, my question was not the AMI breakdown. The current AMI breakdown that you have, and I...I can't see you through the TV that you're looking at, I see you on *Akakū*, so you can look forward, you don't need to look at the TV. But...so, the current AMI unit, what is the cost that you're...that you propose on the chart, how much more is it because the Affordable Housing Fund would be treated as a loan and not a grant...that would have to be paid off, have to be paid back?

MR. E. DOWLING: The amount of the HUD loan is --

COUNCILMEMBER RAWLINS-FERNANDEZ: Not HUD.

MR. E. DOWLING: I'm...I'm going --

COUNCILMEMBER RAWLINS-FERNANDEZ: *(Audio interference)* --

MR. E. DOWLING: I'm going to get to the County --

COUNCILMEMBER RAWLINS-FERNANDEZ: -- for Affordable Housing *(audio interference)*.

MR. E. DOWLING: I'm going to get to that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MR. E. DOWLING: The amount of the HUD loan is...is capped by the income. So, what's the coverage ratio, Jack?

MR. J. DOWLING: 1.17 times the amortizing debt service coverage ratio.

MR. E. DOWLING: So you have to have 1.17 times more income than you do debt service plus loan paying back for the HUD portion. The...so that...that maxes that out. Then, we go to the next...next layer, and the next layer is the County money. The...the interest rate on the County loan is...is 25 basis points, and then...so it's interest and amortization back to the County in return for...for that loan. The income, if...if it were converted to a grant, it wouldn't increase the rents, okay? The rents would stay the same because the rents are determined by the affordable housing guidelines. So, it would...it would have a...it would have a marginal impact on the cash flows. The...but...and we're happy to be, you know, actually for a grant, as a developer, we would be better off if it were a grant, without a doubt. As a taxpayer, we'd be...we'd be worse off. And I don't think the public would...I don't think the...the public would benefit, I think the public would actually suffer. So, that's why we went with the...the loan as opposed to the grant.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. Chair, did the timer go? I just...I didn't hear a timer, but it feels like it's been a while, and I do have my questions. But if the timer went off --

CHAIR KAMA: I didn't hear it either. Did we--did we say a timer? I was so lost in the conversation too. Sorry.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, so my follow-up question is the...the loan repayment schedule to the County from the Affordable Housing Fund, if you have that information . . . *(timer sounds)* . . . how that would look --

MR. E. DOWLING: That would be the --

COUNCILMEMBER RAWLINS-FERNANDEZ: -- in amortization. Oh, there's the timer.

MR. E. DOWLING: It...can I continue?

CHAIR KAMA: Sure. It will go on.

MR. E. DOWLING: As...as Jack mentioned, the repayment would be the period of affordability. So, the loan would be fully repaid over that period of affordability. It would start off interest-only for the first ten years, and then it would fully amortize over the remaining period of affordability. So, just...just as an example, if it were a 60-year affordability period, first 10 years is interest only. After that, the remaining 50 years, the loan is fully repaid with interest.

MR. J. DOWLING: And...and Councilmember --

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Dowling.

MR. J. DOWLING: -- just to --

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, go ahead.

MR. J. DOWLING: -- add to that. Sorry. Briefly, what we've also done is run out a sensitivity table where we're showing different amortization periods, and the cash flow streams to the County on a year-by-year basis, and how much of that cash flow stream is interest payments versus principal repayments. So, it can help assess and better understand the replenishment of the Affordable Housing Fund to the extent that's helpful. We're going to have to follow up with that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Great. And I understand that this is a Rule 7(B) presentation only, and we don't *(audio interference)* actual application before us. I guess we'll...we can get into those details at a future date. Mahalo, Mr. Dowling. Mahalo, Chair.

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CHAIR KAMA: You're welcome, Ms. Keani Rawlins-Fernandez. We're going to continue on with Councilmember Sinenci.

COUNCILMEMBER SINENCI: Mahalo, Chair. My...my...yes, just following up on Member Rawlins-Fernandez, my question is for you, Chair. So, this being a 7(B), they'll be coming back with a 201H application? I know that with...with Lawrence, you know, we spent a couple of months going through the last project, and a lot of it was the...the Department Directors, which I understand a couple of them are on this meeting. So, I kind of did want to hear from them, you know, especially maybe from the Department of Finance, about the...the loan option. So, if...my question is, I'm sorry, at the next one, will you have the Department heads come on and...and speak to this, since we did have them on during the whole process of the original Kuikahi project?

CHAIR KAMA: All the Departments impacted by this project, we'll bring them and ask them to be resources at the time the project comes back with their 201H app.

COUNCILMEMBER SINENCI: Okay, I can wait for then. Thank you, Chair. Thank you.

CHAIR KAMA: Thank you. Let's continue. Member U'u-Hodgins?

COUNCILMEMBER U'U-HODGINS: Thank you, Chair. Thank you, guys, for being with us. I would ask when you guys are coming back, but I can see it in your graph, when you guys plan to do so. So, I look forward to seeing you before the end of the year. Thank you, Chair.

CHAIR KAMA: You're welcome. So, I think at this time, I'd like...if you can remember and rewind, and go back to Member Johnson's questions that he asked, but was...I don't think it was fully answered?

COUNCILMEMBER JOHNSON: Thank you, Chair. Do you guys need me to repeat them, or you just want to follow up on...sorry we cut you off. It's...you know, it's all timed.

CHAIR KAMA: Yeah. Do you want him to repeat, or would you like --

MR. E. DOWLING: Would it be possible to have Mr. Ueoka --

CHAIR KAMA: Sure, he's a resource. Come on down.

MR. E. DOWLING: Councilmember Johnson, Jeff Ueoka is far more experienced in the 2.97 process than...than we are, so I think he'd be better off to answer this question, or better equipped.

COUNCILMEMBER JOHNSON: Thank you, Mr. Dowling.

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CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Could you repeat the question, please? Sorry.

COUNCILMEMBER JOHNSON: Well, I guess we can go right into, can the DBA get transferred? We'll start with that.

MR. UEOKA: Thank you, Councilmember Kama. Jeff Ueoka. I would...my understanding is, when you read the DBA conditions, it references the 2.97. So, if the 2.97 were to be amended, the DBA would carry over. And regardless, (*audio interference*) if you're coming back to the Council, it is taking a little bit of extra time, but I think it'd be fine that way. But if you wanted it to be ultra clean, the DBA could be amended also.

COUNCILMEMBER JOHNSON: Oh, okay. Committee Chair Kama, is...is the Corporation Counsel on? Can we ask them as well?

CHAIR KAMA: Sure, we can. Ms. Toshikiyo, are you there?

COUNCILMEMBER JOHNSON: Sorry, you're muted.

CHAIR KAMA: We can't hear you.

MS. TOSHIKIYO: Can you hear me now?

CHAIR KAMA: Okay, we can hear you now.

MS. TOSHIKIYO: Great. Thank you. Chair, I would actually have to take a look at the DBA documents. I haven't reviewed them yet, so if I could have time, or at the point, I guess I could also get back to Member Johnson personally to answer his question.

CHAIR KAMA: Member Johnson, would that be okay with you? Or you want her to take time now, today?

COUNCILMEMBER JOHNSON: Oh, I certainly understand that. Yeah, it's a DBA, several page document. Thank you.

MS. TOSHIKIYO: Thanks.

CHAIR KAMA: Okay, Ms. Toshikiyo, if you could respond in writing and send it to the Committee, and that way, I think everybody could have the answer, and I think that'd be great.

MS. TOSHIKIYO: Yes, Chair, will do.

CHAIR KAMA: Thank you. So, Mr. Johnson? Okay, you had another question, I think?

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COUNCILMEMBER JOHNSON: Let's see here. I'm going through my list. So, okay, we...we kind of touched on it a little bit, the idea of Bill 60. You know, the...that basically you can...the County can use its bonds, its bond money, we're AA-plus bond rating, and you pay off the...the...the money, the bond money with your Affordable Housing Fund. So, Mr. Dowling, would you...is that any...of interest to you, if you get the monies through bonds?

MR. E. DOWLING: We asked Mr. Ueoka to...to look into that for us. So, Jeff?

MR. UEOKA: Thank you...thank you, Chair Kama. Member Johnson, typically, I don't know what the County's practice still is today, but it was...when I was . . .*(timer sounds)*. . . here, was general obligation bonds, tax-free. And those usually are restricted to County-owned facilities or projects. It...you typically couldn't use them to pay for private matters, or private funds, or projects, I guess I should say, that will be privately owned.

COUNCILMEMBER JOHNSON: Okay. Well...well, we'll have to get into that, I guess, when you guys come before, because municipalities across the nation, that's how they fund their affordable housing projects is with bond money. So, okay, you know, revenue bonds, that's maybe more what we're speaking on. But I guess during the...when you guys come before, we'll...we'll discuss more on that. But, I...I guess that's . . .*(timer sounds)*. . . those are my questions, and that's the timer. So, perfect timing. Thank you Chair, for allowing me a second round. Thank you.

CHAIR KAMA: Well, you...we're actually on your first round. You did have tons of questions. Members, any other persons have questions for our resources this morning?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR KAMA: Member--yes? Keani Rawlins-Fernandez, yes, yes?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, a question for Director Tsuhako.

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Director Tsuhako.

CHAIR KAMA: Director Tsuhako? There you are.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, you're muted.

MS. TSUHAKO: Good morning.

COUNCILMEMBER RAWLINS-FERNANDEZ: Good morning. My question is regarding...okay, I didn't crack open my budget book, and I should have before I asked the question. But...so

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this project's asking for 40 million, Pulelehua is asking for 50 million, and then, there are several other projects that were cited by Ms. Nishiki. And so, my question is, how is the DHHC balancing the limited funds that we have in Affordable Housing and GET surcharge, because it seems that there will be competition. And while this, you know, project, \$40 million would serve as a loan, the 40 million wouldn't come back, you know, for the duration of the deed restriction. So, potentially, you know, 60 years. So, if you could...if you could share with us those thought...your thoughts on that?

MS. TSUHAKO: Good morning, Member Rawlins-Fernandez. Thank you for your question. So, I think the...you know, we are anticipating a little bit less money in the Affordable Housing Fund at large because of the reduction in real property collections from the West Maui landowners. I don't know exactly how much that will be. I think at the...at the end of last fiscal year, we anticipated \$43 Million in the Affordable Housing Fund from new tax revenues. That will definitely go down. I think, in answer to your question in specific, is that our Office of Recovery, through the...through the Housing Workgroup led by our Deputy Director Mataafa and Public Works Deputy Director Taomoto, are looking at intermediate-term housing and more long-term housing in relation to the fire disaster and in the larger County as a whole. And there hasn't yet been a full vetting of all those projects that they are looking at. So, the commitment of our Affordable Housing Fund not been...has not been especially targeted because we don't know how much of those County funds will be used for those County-supported housing projects that will be...that will be delivered through the Recovery Group. So unfortunately, I cannot answer your question really specifically, but I think the Mayor has asked us all to look at those projects that are vetted through the Recovery Housing Group, and trying to figure out how best we can use financing from other sources, as well as from the County, to get those projects done. So, if you just do a simple calculation on paper and figure out how much money has been asked for, versus how much money is actually available, there's a...there's a very big deficit in that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Exactly why I'm asking the question. And I would love to hear more about how DHHC plans to prioritize that funding because as Mr. Dowling stated, you can't start a project without securing funding. And if they're asking for 40 million, and we were expecting 43 million for FY'24, which we'll likely not get, then are you going to be using a criteria such as where the location is? Because we are hearing that the community in Lāhainā would like to prioritize housing projects in West Maui for those that are looking for shelter. Before...you know, and it's going to...we all know it's going to take a long time to *(audio interference)* burn zone . . . *(timer sounds)*. . . burn zone, you know, such as the amount of...of units that will be produced. So, you know, all of these, I would love to hear more. And if not today, maybe at a later time.

MS. TSUHAKO: Thank you. Thank you, Councilmember Rawlins-Fernandez. So, the other thing I will say, though, is as part of his presentation, Mr. Dowling identified some sources of funding that were previously approved by the Council through the budget process or allocations from the Affordable Housing Fund, including the purchase of the old Travelodge in Lāhainā, as well as the appropriation for Kuikahi itself, the original project.

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And...and those would be rendered moot right now, just based on circumstances. So, we do have a little bit more cushion in the existing funding in Affordable Housing Fund when you consider those aspects as well. But we'll certainly be more ready to discuss those priorities once the 201H comes before you and decisions have to be made, not only about the project approval, but also about how the financing will happen. So, I...I thank you for that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Director Tsuhako. I look forward to hearing more about how you plan to score each project, and then prioritize that funding in each year. Because even though these other projects that have been rendered moot, those are still part of the limited amount of funding that the County has to offer. Mahalo, Chair.

CHAIR KAMA: You're welcome, Ms. Rawlins-Fernandez. Okay. Anyone else have any questions to ask our resources, or if our resources would like to comment? Do you have anything you want to say, Mr. Dowling, or...

MR. E. DOWLING: Just...just once again, and with regards to that last...last question, the...as Councilmember Sugimura mentioned earlier, the Haggai Institute, \$7.5 million was appropriated...budgeted to support that. HHFDC is now going to be retaining that property. When that...when it came before the Budget Committee, it was anticipated that there would be a lease from HHFDC to the County, and the County would be responsible for the operational expenses. That's no longer the case. It's actually going to HHFDC's board that has the acquisition on its agenda for next...let's see, November 9th's meeting next week, and they're going to be retaining it. They've contracted with a private company to operate the building for the first couple of years, and they're...during that time, they're going to be going out with an RFP to private companies to design the building, permit the improvements, complete the construction of those improvements, and operate the building on a long-term basis for HHFDC. And that will be their target, is to use it for impacted families from...from both fires. So that \$7.5 million is available for repurposing, and the same for the...for the Travelodge funding of 7.5. And as has been previously mentioned, the Kuikahi project was given a grant of 6 million. So, the first...the first half of the loan, there are identified sources for the first half. It's the...it's really the second half, the remaining \$20 million, or \$19.5 million, that needs to be solved for.

CHAIR KAMA: Thank you. Members, any other questions or discussions for our resources? Well, thank you so very much, Members. So, to allow us to continue our discussion in the future on this item, without objections, Members, I would like to be able to defer this item until they come back with your 201H.

COUNCILMEMBERS: No objections. (Excused: TP)

CHAIR KAMA: Okay, so I will put --

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

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CHAIR KAMA: Yes?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR KAMA: Yes, Ms. --

COUNCILMEMBER RAWLINS-FERNANDEZ: Sorry, so this is the second time, and I'm sorry if it's already posted to Granicus. But for clarification, this is a 201...this is going to be a 201H project, not a 2.97 project?

CHAIR KAMA: Correct. When they come back to us, it'll be a 201H, right?

MR. E. DOWLING: It is. We'll be amending the 2.97 approval.

COUNCILMEMBER RAWLINS-FERNANDEZ: To...to 201H?

MR. E. DOWLING: 2.97.

CHAIR KAMA: Oh, you're going to amend the 2.97?

MR. E. DOWLING: Correct. That...that's a quicker way to get the project under construction than going through the 201H.

CHAIR KAMA: Okay. I see. And when would that be, Mr. Dowling?

MR. E. DOWLING: We will...with...with encouragement, we would start that process now, and we would bring it before the...and bring it back to the Council next month...or actually this month. It's already November.

COUNCILMEMBER RAWLINS-FERNANDEZ: And then, Chair?

CHAIR KAMA: Yeah. Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for getting that information, that clarification, because I was a little confused about whether 201H or 2.97. And so, follow-up question to that is, before we schedule this as a 2.97 project, can we have DHHC present before us, how they plan to provide funding to all the projects, and how they'll score it, so that we understand the rating, and who will get...how...what money. Because it's a very limited amount of money, and I think the public should be able to hear how the Department is planning to issue this funding to all the different projects that are competing for the same...same fund. Mahalo, Chair.

CHAIR KAMA: Okay. Thank you, very much. Any other comments or questions? Yes, Ms. Sugimura?

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COUNCILMEMBER SUGIMURA: So, I just wonder. This is a question for Member Johnson, because he had a whole bunch of questions.

CHAIR KAMA: Yeah.

COUNCILMEMBER JOHNSON: So I wondered if his questions got answered, and if not, maybe he could submit it in writing, so that the...the developer might have more time to answer it. Because it sounds like he had a lot, but I'm not sure if all of them were fulfilled answers.

CHAIR KAMA: Mr. Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. Thank you, Councilmember Sugimura. I think the questions I was going to direct them towards was Corporation Counsel at this time. Nothing for the developer at this point. I really appreciate Mr. Dowling coming out and speaking to us. So, just the ones that we asked for Corporation Counsel. Thank you.

CHAIR KAMA: Thank you, Ms. Sugimura. Members, again, with no objections, I'd like to be able to defer this item.

COUNCILMEMBERS: No objections.

ACTION: DEFER.

CHAIR KAMA: And we'll proceed on to the next item. Thank you very much, Mr. Dowling and team, for your presentation, and we'll see you on the next go round, right?

MR. E. DOWLING: Chair Kama and Councilmembers, thank you very much.

CHAIR KAMA: Yes.

MR. E. DOWLING: Appreciate it.

COUNCILMEMBER SUGIMURA: This week? Oh, no, this month you're going to come back, yeah?

HLU-17: RESOLUTION 23-195, RELATING TO COMPOSTING IN THE AGRICULTURAL DISTRICT

CHAIR KAMA: So, Members, we're going to continue on with HLU-17, Resolution 23-195, relating to composting in the Agricultural District. Thank you. So, Members, our final item is HLU-17, which is a resolution referring a Title 19 amendment to the three planning

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commissions. This amendment would permit composting as a use in the Agricultural District. We will now open up public testimony on HLU-17. If you are signed up to testify on this item, Staff will call your name. As with the prior item, you'll have three minutes to testify, and Staff will sound the audible indication that your time is up, and will ask you to complete...conclude your testimony. Staff?

MS. LILLIS: Yes, Chair. We currently have two people signed up to testify. We have Kai Nishiki in the Chamber, and Gretchen Losano on BlueJeans.

CHAIR KAMA: Okay. Kai? Welcome back. Well, you never left.

. . . BEGIN PUBLIC TESTIMONY for HLU-17 . . .

MS. NISHIKI: Aloha, Chair and Committee Members. I just wanted to advocate for the composting in the Agricultural Districts. It's kind of funny, you know, that we can have solar farms and all...you know, all these other, you know, interesting things on...on Ag, but not composting agricultural products on agricultural land. But anyway, yes, this is very important and very timely, especially for West Maui. You know, we've been trying to get composting facilities there to support our schools and support sustainability issues. And so, thank you very much. I hope you can support this and move this through as quickly as possible. It's kind of, like I said, seems odd that we even have to make any amendments for this. But mahalo.

CHAIR KAMA: Members, do we have any questions for our testifier?

MS. NISHIKI: Common sense, right? Thank you.

CHAIR KAMA: Okay. Thank you. Staff, do we have any other testifiers signed up?

MS. LILLIS: Yes, Chair, we have Gretchen Losano on BlueJeans.

CHAIR KAMA: Okay. Gretchen?

MS. LILLIS: She's unmuted on our end, Chair.

CHAIR KAMA: Okay.

MS. LOSANO: Aloha, sorry, BlueJeans is different than Zoom. Okay. Aloha, my name is Gretchen Losano, and I am here to offer my full support for allowing composting in...in agricultural areas. I wanted to add to Kai's list of things you can do in agricultural areas that aren't related to agriculture...houses. You seem to be able to build really big houses in agricultural areas that were meant to grow food to support our communities. So, I think it's really important that, you know, as we move forward with our soil remediation plans for...for Lāhainā, to understand that no matter, you know, what we choose, like the

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biochar or the fungus, the carrier for all those things is lots and lots of compost. So regardless of what, you know, is going to be used as our soil remediation, it's...it's also going to require lots and lots of compost, and we're definitely prepared to offer that to the community. I have spoken to the Department of Health yesterday about it. So, the thing about the permitting is that when you have a permit for composting through the Department of Health, it is, like, very, very thorough. It is plenty adequate enough to protect our watershed, our community. It's...it's really...actually really pretty...an arduous process to go through to get a permit through the Department of Health. So, it's plenty adequate. Please support composting in agricultural areas. It's...it is, it's very obvious and logical. So, mahalo.

CHAIR KAMA: Any questions for our testifier? Seeing none, thank you so very much, Gretchen. Staff?

MS. LILLIS: Chair, that was our last person to sign up to testify. If anyone would like to testify. Please, let Staff know now. We will give a brief countdown...three, two, one. Chair, it appears no one wishes to testify.

CHAIR KAMA: Okay, Members, seeing that there are no more individuals wishing to testify, without objection, I will now close oral testimony for this item. And as a reminder, written testimony will continue to be accepted into the record. Are there any objections, Members?

COUNCILMEMBERS: No objections. (Excused: TP)

. . . END PUBLIC TESTIMONY for HLU-17 . . .

CHAIR KAMA: Thank you. So, we'll now proceed with discussing HLU-17, the resolution to refer an amendment to Title 19 for composting in agricultural zones to the planning commissions. At this time, I would like to recognize the additional members of the Administration who have joined us this morning. So, I wanted to please welcome Kali Arce from...the Director of the Department of Agriculture. Good morning.

MS. ARCE: Talofa.

CHAIR KAMA: Ah, look at that. Very good. I was going to tell you guys, hurry up and say who you are quick, because the morning's going to escape us in about 34 minutes. Anyway. And the next person, I'm sorry, could you introduce yourselves and get on record?

MR. SMITH: Good morning, Chair and Councilmembers, Garrett Smith, the Deputy Director for the Department of Planning. And with me this morning is Greg Pfost. He's our Administrative Planning Officer, and that role often is involved in more of the legislative changes either the Department proposes, or proposed for us to review and provide feedback on.

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CHAIR KAMA: Okay. Thank you. Staff, do we have to make Mr. Pfof a resource person? Because I don't see --

MS. LILLIS: Sure, Chair.

CHAIR KAMA: Okay. So according to the rules of--Rule 18, right?--as a Council, that we need to make Mr. Greg Pfof a resource person for us this morning. Without objections?

COUNCILMEMBERS: No objections. (Excused: TP)

CHAIR KAMA: Thank you so very much. Okay. Now you're all vetted and legal to be here. Okay. So, at this time, Members, I'm going to ask...call upon you for questions that you may have here for our presenters. Kali, do you guys have a presentation or no? I wasn't sure. What about you, Garrett?

MR. SMITH: I do have a couple of quick verbal comments.

CHAIR KAMA: Okay. Go ahead.

MR. SMITH: Would you like me to --

CHAIR KAMA: Go ahead.

MR. SMITH: Thank you. Thank you for the floor. When this request was sent to the Planning Department, we sort of acknowledged in the same initial sentiment that some of you may have already had is, you know, again, just the practical aspect of composting likely should occur within the Agricultural District. We did a quick review of the...the Code, not just in Title 19, but the sections under Department of Environmental Management, as well as Agriculture, and somewhat surprising, there is very little language currently that exists regarding composting in general. So, first and foremost, you know, we...we're looking at this through the lens of we likely need to be defining composting. And then, just from a practical perspective, we know, you know, you may have an individual home, and you have a backyard garden where you do...just practically, you compost your own organic material. So, that was sort of our initial lens, is looking at this bill...or proposed bill, not just from the agricultural zone, but if we're going to do it, we may want to expand it just to look at the zones across the board, where likely should composting be? Normally, it would be an accessory use to the primary agricultural use, versus right now, it's sort of silent in the Code sections for both agriculture zone as well as elsewhere. The Department of Planning really did not have any opposition to it, other than, again, looking at the need to define it, possibly inclusion in other zones beyond just agriculture. But our...our initial requests would be to look at this as an accessory use. Right now, what's being proposed is that composting and composting operations would be a permitted use outright, and I...I believe the distinction that we wanted to draw is, if you have a primary agricultural operation, the composting normally would be a secondary or accessory use, which is fine.

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As...as currently proposed, the way that it reads is that you would have almost a standalone composting facility. You're not necessarily growing anything, you're importing product, you're composting it, and then it's being exported elsewhere. It's almost like a...a transfer station of sorts with organic material. It may be more appropriate to have that be a special use versus permitted outright, and I'm just stating this from the perspective of depending on the scale, there could be a lot of traffic influx to that area that you might be able to have a better...better control if it was a special use. And then, as far as vector control as well, there could be other, you know, whether it be tiny fire ants, other...other species that we want to maybe have a more firm control on managing, could be potentially done more through a special permit than just permitted outright. But I'm not completely familiar with the Department of Health process, so I want to acknowledge that for the record too. I don't know what...what controls they have, but we definitely welcome any...any feedback from Environmental Management or Agriculture as well.

CHAIR KAMA: Thank you very much, Mr. Smith. Mr. Pfof, you have something, any comments you'd like to make?

MR. PFOF: Thank you, Chair. Beyond what Garrett mentioned, I don't have any other additional comments. He and I actually worked together on this, and so, that's...I agree with the comments that he mentioned.

CHAIR KAMA: Thank you. So also, we have with us this morning, from the Department of Environmental Management, Cecile Powell, and she is online. And again, according to rules under 18(B) [*sic*], we need to make Ms. Powell a resource. So, without objections. Members?

COUNCILMEMBERS: No objections. (Excused: TP)

CHAIR KAMA: No objections? Thank you so very much. Ms. Powell?

MS. POWELL: Yes. Hi. Good morning.

CHAIR KAMA: Hi. Hi. Thank you for being here.

MS. POWELL: I did want to make a comment...good morning. I did want to make a comment that I do manage the cold composting contract, and the DOH had stopped allowing special use permits for composting a couple years back. So, that's been an issue for us. And over the last couple of years, and including this past current year, there are two farmers that I've been in contact with that are struggling with just doing compost operations for their farms because they're having difficulty navigating all of these systems. So, this ordinance would be a lot...make things go a lot smoother for our grant recipients, and open up a lot of opportunities. One particular one is on Lānaʻi, that could help a lot of Lānaʻi folks as well. Thank you.

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CHAIR KAMA: Thank you. Okay. So, I think what I want to do right now, is just go on with questions that Members might have for our panel that's here. And don't forget Miss...yes, Ms. Arce?

MS. ARCE: I just wanted to offer comments, if that's okay.

CHAIR KAMA: Yep.

MS. ARCE: So, Department of Ag does support the resolution, and, you know, for farmers and producers that are making their own compost, it's cost-efficient and, in the long run, it...you know, it helps manage the waste that's happening on their...on their operation. But it also won't require the transportation that other people have to do in acquiring compost made elsewhere, which reduces the chances of insect pests that often come in exported products, as we experienced with the CRB. Oftentimes, the compost that are exported and brought to our Hawai'i stores lay around for a period of time, which becomes a host site, and having production right on their site, it just makes things more efficient and reduces those risks. I do think that cold composting should stay with DEM, because it uses sludge, and they have a handle on it, a good handle on it. So, Department of Ag does support the...the resolution. Thank you.

CHAIR KAMA: Thank you very much, Ms. Arce. Okay. Members, questions for our panel, beginning with Vice-Chair Cook? And I...Members, I just want to urge you to watch the time. You know, the less questions you ask, or the more succinct your questions are, the more succinct the answers will be, and then you all can go to lunch. But of course, I wouldn't want to stand between you and lunch. Mr. Cook.

VICE-CHAIR COOK: Thank you, Chair. For the Planning Department, has composting been an issue at all to date?

MR. SMITH: Yeah, not...not that I'm aware of. It has not been.

VICE-CHAIR COOK: Okay. Thank you. No more questions.

CHAIR KAMA: Thank you very much, Mr. Cook. Council Lee...Council Chair Lee, questions?

COUNCILMEMBER LEE: Thank you. I have no questions. I support the resolution.

CHAIR KAMA: Council Vice-Chair Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. I support this, but I am curious to...as to what you said about we probably need definitions. So, I wonder what more do we need to add? I will tell you that my office was looking at composting, and it got very complicated. Because we reached out to the Department of Health, and what is required through that. It just...you know, like you said, right, you look at policy and layers. So, I want to get feedback from you, if you could educate us on definition, and then what more can we do

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to make this clearer?

CHAIR KAMA: Mr. Smith? Go ahead.

MR. SMITH: Yes. From the Department of Planning, yes, we would be looking for also confirmation from the different planning commissions on, again, crafting some definition that can be used maybe not just in the agricultural zone, but the other zones where appropriate. And then with each one of those, likely, whether it would be a permitted use outright versus an accessory use. Of all the zones, obviously agriculture does make the most sense. This is further away from residences where you would...again may have smells or other farm activity that you would rather not have. So again, we...we're...we're in support of the bill. We would probably just want to expand, if we're going to open up the Code amendment process, to try to collectively address as many areas as possible. You know, the way that it currently reads is that it's really just directing...directing us to look further at HRS, you know, Chapter 205. So, unless someone has a really good handle on that, the Code...the Code provides some information, but it's not super explicit. And of course, we don't want to replicate what the State regs say either. So, again, we're...we're not proposing to add a lot more language, but I agree, maybe more specifics on under what circumstances it's allowed. And we can obviously coordinate with Department of Agriculture as well, for their...their expertise in having worked with a lot of homeowners and property owners that are currently doing this on the different islands.

COUNCILMEMBER SUGIMURA: So, the...it would be permitted for accessory use, is that what you said? And what is the difference?

MR. SMITH: So, for example, you may have a church as a...as a primary use. You could have maybe a smaller daycare-type facility as an accessory, use...usually smaller in impact. And so, for agriculture, if you had a large farm going on as the primary use, the composting of the...the remaining product would be secondary or accessory use.

COUNCILMEMBER SUGIMURA: I see. And...and so, we would have to amend this to allow that?

MR. SMITH: We...again, we would be probably looking at a couple of different sections of...of the bill, that we would...at least from the Planning Department would provide some recommendations on both permitted, as well as accessory.

COUNCILMEMBER SUGIMURA: Okay. It will get better...it would get better, right, once it goes through. So, this has to go through...it didn't go through the Planning Commission yet? I thought it did. It did not? It did? . . .(timer sounds) . . .

MR. SMITH: It will be going.

COUNCILMEMBER SUGIMURA: Oh, it will be. Oh, okay. Okay. I'm sorry. I'm...I'm one step behind, so good. Then you'll come back with a stronger...okay. Good. Clearly defined.

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Thank you.

CHAIR KAMA: Okay. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. If you allow it, can we make Gretchen Losano a resource person? I have some questions.

CHAIR KAMA: Sure. With no objection, (*audio interference*) Ms. Losano a resource person?

MS. LILLIS: Sure.

CHAIR KAMA: Okay.

MS. LILLIS: Can we state her expertise for the record?

COUNCILMEMBER JOHNSON: Certainly. Her expertise is in that she runs a West Maui composting program.

MS. LILLIS: Thank you.

COUNCILMEMBERS: No objections. (Excused: TP)

CHAIR KAMA: Ms. Losano, you are now a resource person because Mr. Johnson has a question for you.

COUNCILMEMBER JOHNSON: Aloha, Gretchen. So, it seems to me--and I know you work well with the Department of Health, and you've got all your ducks in a row for the permitting and all. Do we have to look above and change the State law in order for composting to really be at its maximum potential? You know, like, as a farmer, if I compost, and I want to sell some of my compost to another farmer, or maybe to a resident, does this...the law, as it's written out, does that exclude us from selling? You know, is it the State law that's really jamming us up here, Ms. Losano?

MS. LOSANO: No, actually...so...so it's...it's...it's actually the County codes that are kind of, I think, don't quite even understand what the State says. So, there were some comments earlier by the...the resource people in the Ag Department that I think show that maybe that law that was passed about--I think it was a year and a half ago--they may need to take a closer look at that. Because composting facilities already have to be a half a mile away from anything. And the permitting process through the Department of Health is like...I mean, you know, those...those full permits are like 80 pages long, and they take into consideration all of these things, as well as more composting. Regional composting is an amazing mitigation response to invasive species. If composting is done properly in the way that it is permitted to do so, it can absolutely stop the spread of little fire ants, coconut rhinoceros beetle. We should absolutely not be importing compost in.

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COUNCILMEMBER JOHNSON: I agree. Can I jump in real quick? I'm on limited time. I'm sorry.

MS. LOSANO: Absolutely.

COUNCILMEMBER JOHNSON: My question was answered. Thank you for that. I...I'm kind of looking for a recommendation. Do you have any recommendations? And I know you do boots on the ground. You really are in...in this, you're up to your neck in compost. Can I say that? But can you give us, like, recommendations to make it easier to compost on Maui...in Maui County?

MS. LOSANO: Sorry, my son just...can you...can you rephrase that? My son just was yelling at me from the other room.

COUNCILMEMBER JOHNSON: I understand that. Do you have any recommendations to...to us to make it...make the composting better, or the composting rules that surround it better?

MS. LOSANO: Absolutely. Just...you know, just allow this as an ag zoned...it doesn't need a special use, it doesn't need, like, anything else, besides allowing for composting as an ag zoned activity. And then, the permitting process through the Department of Health is plenty adequate enough to make sure that our community and our watershed is safe from any potential hazards. If you're composting properly, there's not a huge odor. The Department of Health already takes this into account, which is why they really prefer for things that cause...or have the potential to cause more odor, like food waste composting, the . . .(timer sounds). . . County...I mean, sorry, the State already...already requires in-vessel composting to...in order to be permitted. So, our...our compost piles are covered, they're in-vessel, there's virtually no odor whatsoever. And so, the Department of Health has a handle on all of that already. The County just kind of needs to get out of the way, honestly.

COUNCILMEMBER JOHNSON: Okay. Thank you, Mr. Losano. My time is up. Thank you, Chair.

CHAIR KAMA: Thank you, Mr. Johnson. Ms. Rawlins-Fernandez, do you have any questions before you leave?

COUNCILMEMBER RAWLINS-FERNANDEZ: No questions. Chair. I support this effort...yeah, and I have to leave at 12. My apologies.

CHAIR KAMA: Thank you. Member Sinenci?

COUNCILMEMBER SINENCI: No questions, Chair. Very supportive, and just as a reminder, during our budget proceedings, we did hear a lot of testimony from the communities across the County about increasing composting. Happy to support.

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CHAIR KAMA: Thank you. Ms. U'u-Hodgins?

COUNCILMEMBER U'U-HODGINS: Thank you, Chair. I, too, have no questions. Happy to support.

CHAIR KAMA: Okay. So, Members, seeing as how you have no more questions to ask, or any more discussions, Members, I would like to move to recommend approval of Resolution 23-195.

COUNCILMEMBER SUGIMURA: So moved.

COUNCILMEMBER JOHNSON: So moved.

VICE-CHAIR COOK: I'll second it.

CHAIR KAMA: Okay. So, two people moved. So, I'll take the two movers. I'll take Member Sugimura as the movant, and Vice-Chair Cook as the seconder. Okay. So, do either of you want to speak to the motion?

COUNCILMEMBER SUGIMURA: So, because I did work on this, right, and I'm glad to hear what Deputy Director said because I think more definition or clarity needs to happen, based upon what I learned. And then, to hear that really, Department of Health has such a handle over this, which was my stumbling block at the how do you...how do you improve that? But if after the Planning Commissions review it, and if this bill is going to get stronger and clearer for composting, I totally support that because it's needed.

CHAIR KAMA: Yes.

COUNCILMEMBER SUGIMURA: Yeah.

CHAIR KAMA: Thanks. Member Cook?

VICE-CHAIR COOK: Thank you, Chair. I speak in such strong support of this, and I'm hoping that over time, the measurement of the success of this is how simple the process is, and how much material gets composted and not dumped. Thank you.

CHAIR KAMA: Members, is there any other discussion on the motion? Mr. Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. I...I support this as well. You know, every year during budget we hear about the time left in our...in our...in our landfills. And this is a great way...again, it's that idea of taking wastes and turning it into a resource. And that's why I support R-1 water as well. So, thank you, Chair. Full support.

CHAIR KAMA: Thank you, Members. And I think at this time, I'd like to be able take just hand

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vote, right? Okay. All those in favor of the motion, please raise your hand, say “aye.”
Aye.

COUNCILMEMBERS: Aye.

CHAIR KAMA: All those opposed?

MR. PASCUAL: Chair. I’m seeing eight “ayes,” zero “noes,” and one excused, Councilmember Paltin. Motion passes.

VOTE: **AYES: Chair Kama, Vice-Chair Cook, and Councilmembers Johnson, Lee, Rawlins-Fernandez, Sinenci, Sugimura, U‘u-Hodgins.**

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Paltin.

MOTION CARRIED.

ACTION: Recommending ADOPTION of Resolution 23-195.

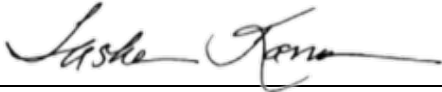
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CHAIR KAMA: Yes. Thank you. So, Members, this motion...this item will now move on to Council, with our recommendation to approve it. And therefore, there is nothing left on today's agenda, Members. And the time is now 11:55 a.m., and today's Housing and Land Use Committee meeting is now adjourned. . . .(gavel). . .

ADJOURNED: 11:55 a.m.

APPROVED:



TASHA KAMA, Chair
Housing and Land Use Committee

hlu:min:231101-d:slv:kr

Transcribed by: Kaliko Reed

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CERTIFICATION

I, Kaliko Reed, hereby certify that pages 1 through 56 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 5th day of December 2023, in Wailuku, Hawai'i



Kaliko Reed